

RECORD OF PROCEEDINGS

May 29, 2012

The Oil and Gas Conservation Commission (“COGCC”) met on May 29, 2012, at the COGCC Office, 1120 Lincoln Street, Suite 801, Denver, Colorado.

Roll Call of Commissioners:

Present:

Tom Compton	Chairman
Perry Pearce	Vice-Chairman
Richard D. Alward	Commissioner
John Benton	Commissioner
Deann Craig	Commissioner
Mike King	Commissioner
Andrew Spielman	Commissioner
Chris Urbina	Commissioner
Thom Kerr	Acting Director
Jake Matter	Assistant Attorney General
Peter Gowen	Acting Hearings Manager

Absent:

Tommy Holton	Commissioner
--------------	--------------

Approval of Proceedings:

Commissioner Pearce moved for the approval of the minutes of the April 16, 2012 meeting. The motion was seconded by Commissioner Benton and was approved unanimously.

DNR Executive Director’s Report:

Executive Director King reported on the following:

- Commissioner King missed the April 16, 2012 Commission meeting due to the Lower North Fork Fire. One outcome of the fire is an effort to reorganize the State Forest Service to serve under the direction of the Division of Emergency Management.
- A move is underway to reorganize the State Geological Survey under the Colorado School of Mines. This will facilitate the Geological Survey getting more academic research funding.
- The Task Force on Cooperative Strategies Regarding State and Local Regulation of Oil and Gas Development is working on ways to increase the dialogue between local governments and the COGCC.
- The COGCC Director hiring process has narrowed the field of candidates to 12-15 candidates. Commissioners can expect to participate in interviewing the finalists.

Director’s Report:

Acting Director Kerr highlighted the following from the written Staff Report (available on the web page):

- *Northwest Colorado Oil and Gas Forum.* The next meeting of the Northwest Colorado Oil and Gas Forum is scheduled for Wednesday June 6, 2012, at 10:00 am at the Colorado Mountain College, West Garfield Campus, 3695 Airport Road, Rifle, Colorado 81650.

RECORD OF PROCEEDINGS

- *Gas and Oil Regulatory Team (GORT) Meeting.* The next GORT/Southwest Colorado Oil and Gas Stakeholders meeting is scheduled for August 30, 2012, at 8:30 am at the La Plata County Fairgrounds in Durango, Colorado.
- *Fruitland Formation Outcrop Mitigation and Monitoring Projects (4M Projects): Fruitland Formation Outcrop - 4M Pilot Scale Mitigation Projects La Plata County.* The South Fork Texas Creek (SFTC) Mitigation system continued operation at approximately 11 Kilowatts (kW) power generation. From February 2012 through March 2012, it operated approximately 99% of the time. Approximately 6.4 kW of power is returned to the grid at this operating rate. Gas continues to be collected and vented at the Pine River Ranches (PRR) location. Methane concentrations currently average 99% at SFTC and less than 1% at PRR. Operations and maintenance activities are continuing.
- *4M Monitoring Wells La Plata and Archuleta Counties.* There are 17 wells at 11 locations in the COGCC 4M monitoring program. Well pressures are monitored remotely via satellite telemetry with one or two maintenance visits per year, depending upon data received. An alternate access is still being sought for the Beaver Creek Ranch locations. The Fiddler #1 wellhead lost its seal over the winter due to freeze-thaw conditions. Repairs are pending and long-term insulation methods are being investigated and remediated, as well as evaluated, as this is the second year this upset occurred. Other sites are being scheduled for weed mitigation and removal of remaining construction stormwater BMPs. A full O&M visit is scheduled June 2012.
- *Ongoing Investigation, Reclamation, and Mitigation of Residual Methane in the Vicinity of the Bryce 1-X Well Area, Bondad, Colorado.* Groundwater sampling was conducted on April 3, 2012 and April 30, 2012. Preliminary test results indicated all methane concentrations tested below 10mg/L. Analytical data are pending. The middle well exhibited methane concentrations below the analytical range for isotopic testing (0.58 mg/L) and was therefore excluded from isotopic sampling. The next sampling date is scheduled for October 2012.
- *Cease & Desist Order – Ranchers Exploration Partners, LLC.* On April 27, 2012, Cease and Desist Order No. 1C-9 was issued to Ranchers Exploration Partners, LLC (Ranchers) by Acting Director Thom Kerr, for its drilling activities at the Retta J #1 Well (API No. 05-069-06431), located in Section 24, Township 6 North, Range 68 West, in Larimer County.
- *Other E&P Waste Disposal Options.* COGCC staff recently identified numerous incidents involving unsatisfactory tank bottoms and the improper management of tank bottoms in northeast Colorado. Industry needs to comply with Rules, and operators are reminded that tank bottoms, workover fluids, pigging wastes from gathering and flow lines, and natural gas gathering, processing, and storage wastes are considered “Other E&P Waste” and must be managed in accordance with Rule 907.f.
- *U.S. EPA Raton Basin Hydraulic Fracturing Study – Las Animas and Huerfano Counties.* Analytical data from the October 2011 sampling and analysis program are expected to be reviewed by EPA and contractors, and made public at some point this summer. A follow-up sampling and analysis event, including samples collected from domestic water wells, monitoring wells, CBM wells, and surface waters is scheduled for May 14 to May 18, 2012. Split samples will be collected at several of the sites by operators and/or COGCC staff.
- *Organization/New Staff.* Kym Schure is the newest field inspector for northeastern Colorado. He has a master’s degree in earth and space science and worked for an environmental consulting firm that specialized in the development and remediation of oil and gas sites. He also has an agricultural background. Kym is based in Sterling, Colorado, and reports to Jim Precup, NE Colorado Field Supervisor. Randy Edelen, who had been working the northeast region, will be re-assigned to an area that will encompass southeastern Wattenberg, eastern Adams, and Arapahoe counties.
- *Public Outreach/Staff Activity.* Staff was active in over fifteen public outreach efforts since the last Commission hearing. Staff presented and participated in 3 public meetings organized by CDPHE. The meetings were held on April 11, 2012, in Greeley, April 25, 2012,

RECORD OF PROCEEDINGS

in Arapahoe County, and May 7, 2012, in Longmont. Staff highlighted the regulatory roles of each agency and answered questions from the public. Margaret Ash, Jim Precup, Mike Leonard, Dave Andrews, Chris Canfield, Jay Krabacher, Chuck Browning, Barbara Westerdale, Thom Kerr, Mark Weems, Teri Ikenouye, Cory Essex, Darla Geimausaddle, Enrique Rivera, Karen Spray, Stuart Ellsworth and others participated in over 15 community meetings, expos, and conferences regarding oil and gas development in the state.

- *Plugging and Reclaiming Abandoned Wells (PRAW) - Project Status.* The Debeque wells have been plugged and reclamation work will begin. A contract has been awarded for the Jynifer #1 Well and work will begin shortly.
- *Variances.*
 - On April 20, 2012, a Rule 502.b Variance Request by Augustus Energy Partners was approved for the Wise DB-18 Well (API No. 05-125-12075, Location No. 428587), located in the NW¼ NE¼ of Section 18, Township 5 North, Range 46 West in Yuma County. The proposed location is within the 318B WLR area, which specified that only 4 Niobrara wells may be drilled within a quarter section. The proposed well would be the 5th. Augustus provided information supporting a pilot project with the variance request, along with a signed surface owner waiver acknowledging the exception location.
 - On April 27, 2012, a Rule 502.b Variance Re-request by Augustus Energy Partners was approved for the Deterding BB-15 1S45W Well (API No. 05-125-12076, Location No. 428961), located in the NW¼ NW¼ of Section 15, Township 1 South, Range 45 West in Yuma County. The proposed location is subject to the statewide spacing requirements of Rule 318.b, which allows only one producible well in each quarter-quarter section. The proposed well would be the second. Augustus provided information supporting a pilot project with the variance request, along with a signed surface owner waiver acknowledging the exception location.
 - On May 11, 2012, a Rule 902.b Variance Request by Gunnison Energy Corporation ("GEC") was approved for the Hotchkiss Water Storage Facility (Facility ID No. 421193), located in Gunnison County. GEC requested a variance allowing a temporary reduction in the freeboard of their lower pit, from two feet to one, to avoid the disposal of 30,000 bbls of water during repairs of the upper pit. Ninety percent of the water in the pit is from Muddy Creek and 10% from coalbed methane water. Water samples from both pits showed organic constituents below Table 910-1 standards. Total dissolved Solids (TDS) were elevated at 576 ppm (upper pit) and 414 ppm (lower pit). These TDS levels are similar to levels found in test samples obtained prior to construction of the pits.
- *Monthly Permit Activity.* High level of permit activity and continuing to work on backlog. Out of 120 new Form 2A's received in April 2012, 106 were approved and 405 New Form 2's were received in April 2012, of which 235 were approved. Turn-around time for Form 2A's is twenty-five to thirty days and turn-around time for Form 2's are thirty-one days. Weld County has highest YTD drilling permits and Garfield County following with 339 YTD drilling permits. The numbers in Garfield County have declined greatly but there is continued drilling, mostly looking for wetter gas. Form 2A's have also declined due to low levels of activity and restricted surface areas. Weld County has high level of horizontal well drilling with 297 permits last month. Twenty-five percent of all permits are horizontal wells. YTD well starts are relatively high at 939, but rig count has declined over the past month; around 62. The docket is very active and it is looking to be one of the most active years.
- *Setback Reviews.* The next stakeholder meeting for setback reviews will be May 31, 2012. Following the May 31 meeting is the June 14, 2012 setback review stakeholder meeting, and multi-well impacts will be the topic of discussion. CDPHE is scheduled to give a presentation on air impacts as it relates to multi-well impacts.

Commissioner Comments:

RECORD OF PROCEEDINGS

Commissioner Spielman shared that he and former COGCC Director, David Neslin, will be chairing a Continuing Legal Education (CLE) course on June 8, 2012 on hydraulic fracturing.

Audience Comments:

There were no audience comments.

Consent Agenda

With 52 matters listed for the Consent Agenda, Chairman Compton suggested that the Commission consider the matters in four groups, as organized by Staff.

Group A

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group A of the Consent Agenda. No disclosures were reported. He asked if any Commissioners wanted to have any matter pulled from Group A of the Consent Agenda. No such requests were made. A protest was received from the BLM for Docket No. 1205-SP-57, which was removed from the consent agenda and continued to the July 9, 2012 hearing.

Commissioner Pearce moved for the approval of all Group A applications of the Consent Agenda, as recommended by Staff, as follows:

Docket No. 1204-SP-45, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to establish an approximate 80-acre drilling and spacing unit ("DSU #1") consisting of the E½ SE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Condell and Niobrara Formations, and establish an approximate 160-acre drilling and spacing unit ("DSU #2") consisting of the SE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the "J" Sand Formation.

Docket No. 1204-SP-46, Wattenberg Field, Weld County, Applicant, Noble Energy Inc. Request for an order to establish an approximate 80-acre drilling and spacing unit consisting of the W½ SW¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Condell and Niobrara Formations.

Docket No. 1204-SP-47, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to establish an approximate 80-acre drilling and spacing unit ("DSU #1") consisting of the E½ NE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Condell and Niobrara Formations; and establish an approximate 160-acre drilling and spacing unit ("DSU #2") consisting of the NE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the "J" Sand Formation.

Docket No. 1205-AW-03, Wattenberg Field, Weld County, Applicant, Bonanza Creek Energy Operating Company LLC. Request for an order to allow one or more additional horizontal wells within each existing approximate 640-acre drilling and spacing unit, for certain lands in Townships 5 North, Ranges 61 and 62 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1205-AW-04, Wattenberg Field, Weld County, Applicant, Bonanza Creek Energy Operating Company LLC. Request for an order to allow one or more additional horizontal wells within the existing approximate 640-acre drilling and spacing unit, consisting of Section 28, in Townships 5 North, Ranges 63 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1205-SP-50, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 970.06-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 5, 8, and 17, Township 7 North, Range

RECORD OF PROCEEDINGS

89 West, 6th P.M., and allow one or more horizontal wells, for the production of oil, gas and associated hydrocarbons from the Mancos Group Formations.

Docket No. 1205-SP-52, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 1027.90-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 6 and 7, Township 7 North, Range 90 West, 6th P.M., and allow one or more horizontal wells, for the production of oil, gas and associated hydrocarbons from the Mancos Group Formations.

Docket No. 1205-SP-58, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 1272.61-acre exploratory drilling and spacing unit for certain lands in Sections 6 & 7, Township 7 North, Range 89 West, 6th P.M., and authorize one or more horizontal wells, to be located anywhere on the surface, or on adjacent lands, for the production of oil, gas and associated hydrocarbons from the Mancos and Niobrara Formations.

Docket No. 1205-SP-59, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 889.21-acre exploratory drilling and spacing unit consisting of certain lands in Sections 1 & 12, Township 7 North, Range 91 West, 6th P.M., and authorize one or more horizontal wells, to be located anywhere on the surface, or on adjacent lands, for the production of oil, gas and associated hydrocarbons from the Mancos & Niobrara Formations.

Docket No. 1204-SP-39, Unnamed Field, Weld County, Applicant, Marathon Oil Company. Request for an order to establish five approximate 640-acre drilling and spacing units, consisting of certain lands in Townships 8 and 9 North, Ranges 64 and 65 West, 6th P.M., and establish three approximate 1280-acre drilling and spacing units consisting of certain lands in Township 9 North, Ranges 63 and 64 West, 6th P.M., and authorize up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1205-AW-05, Wattenberg Field, Weld County, Applicant, Marathon Oil Company. Request for an order to amend Order No. 407-560, to authorize up to four horizontal wells within each existing approximate 640-acre drilling and spacing unit, consisting of Section 6, Township 3 North, Range 62 West, 6th P.M., Section 16, Township 3 North, Range 63 West, 6th P.M., and Section 36, Township 4 North, Range 63 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1205-SP-54, Unnamed Field, Larimer County, Applicant, Marathon Oil Company. Request for an order to amend Order No. 535-45 to authorize up to four wells within each existing 640-acre drilling and spacing unit, consisting of Sections 16 & 19, Township 10 North, Range 68 West, 6th P.M., establish two 640-acre drilling and spacing units, consisting of Section 5 and 33, Township 11 North, Range 68 West 6th P.M., and establish four 1280-acre drilling and spacing units, consisting of Sections 5, 9, 15, 16, 20 through 22, 28 through 30, and 33, Township 11 North, Range 68 West, 6th P.M., authorize up to four wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1205-SP-55, Unnamed Field, Weld County, Applicant, Marathon Oil Company. Request for an order to amend Order No. 535-46 to authorize up to four wells within the existing 640-acre drilling and spacing unit, consisting of Section 30, Township 8 North, Range 64 West, 6th P.M., and establish a 640-acre drilling and spacing unit consisting of Section 34, Township 9 North, Range 65 West, 6th P.M., and allow up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1205-SP-56, Unnamed Field, Weld County, Applicant, Marathon Oil Company. Request for an order to establish an approximate 640-acre drilling and spacing unit consisting of Section 4, Township 7 North, Range 66 West, 6th P.M., and allow up to four

RECORD OF PROCEEDINGS

horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Spielman and approved unanimously.

Group B

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group B of the Consent Agenda. No disclosures were reported. He asked if any Commissioners wanted to have any matter pulled from Group B of the Consent Agenda. No such requests were made.

Commissioner Benton moved for the approval of all Group B applications of the Consent Agenda, as recommended by Staff, as follows:

Docket No. 1201-UP-45, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 466.99-acre wellbore spacing unit consisting of certain lands in Sections 1, 2, 11 and 12, Township 4 North, Range 64 West, 6th P.M. and Sections 6 and 7, Township 4 North, Range 63 West, 6th P.M., to accommodate the drilled Bobcat C12-69HN (API No. 05-123-34432) Well, for the development and operation of the Codell and Niobrara Formations.

Docket No. 1201-UP-46, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre wellbore spacing unit consisting of certain lands in Sections 2 and 11, Township 4 North, Range 64 West, 6th P.M., to accommodate the proposed Panther C11-27D Well (API No. 05-123-34157) Well, for the development and operation of the Codell and Niobrara Formations.

Docket No. 1204-UP-119, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre drilling and spacing unit ("DSU #1"), for the development and operation of the Codell and Niobrara Formations, and pool all interests in an approximate 160-acre drilling and spacing unit ("DSU #2"), for the development and operation of the "J" Sand Formation consisting of certain lands in Section 12, Township 7 North, Range 64 West, 6th P.M., to accommodate the Walcker AB12-08 Well (API No. 05-123-34272).

Docket No. 1204-UP-120, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre drilling and spacing unit ("DSU #1"), for the development and operation of the Codell and Niobrara Formations and pool all interests in an approximate 160-acre drilling and spacing unit ("DSU #2"), for the development and operation of the "J" Sand Formation consisting of certain lands in Section 12, Township 7 North, Range 64 West, 6th P.M., to accommodate the Walcker AB12-09 Well (API No. 05-123-34271).

Docket No. 1204-UP-121, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre drilling and spacing unit consisting of the W½ SW¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., to accommodate the Walcker AB12-12 Well (API No. 05-123-31709), for the development and operation of the Codell and Niobrara Formations.

Docket No. 1205-UP-150, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre designated wellbore spacing unit, consisting of certain lands in Section 17, Township 4 North, Range 66 West, 6th P.M., to accommodate the Owens K17-15 Well (API No. 05-123-30791), for the development and operation of the Codell and Niobrara Formations.

Docket No. 1205-UP-151, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of SE¼ of Section 17, Township 4 North, Range 66 West, 6th P.M.,

RECORD OF PROCEEDINGS

to to accommodate the Owens K17-23D Well (API No. 05-123-30799), for the development and operation of the Codell and Niobrara Formations.

Docket No. 1205-UP-152, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit, consisting of certain lands in Section 32, Township 3 North, Range 65 West, 6th P.M., to accommodate the McGuckin H32-75HN Well (API No. 05-123-35177), for the development and operation of the Niobrara Formation.

Docket No. 1205-UP-153, Wattenberg Field, Weld County, Applicant Noble Energy, Inc. Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit, consisting of certain lands in Section 32, Township 3 North, Range 65 West, 6th P.M., and Section 5, Township 2 North, Range 65 West, 6th P.M., to accommodate the McGuckin X05-69HN Well (API No. 05-123-34809), for the development and operation of the Niobrara Formation.

Docket No. 1205-UP-154, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Sections 29 & 32, Township 3 North, Range 65 West, 6th P.M., to accommodate the McGuckin H32-28D Well (API No. 05-123-35176), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Docket No. 1205-UP-155, Wattenberg Field, Weld County, Applicant Noble Energy, Inc. Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit consisting of the N½ of Section 11, Township 3 North, Range 65 West, 6th P.M., to accommodate the Aristocrat H11-89HZ Well (API No. 05-123-32943), for the development and operation of the Codell Formation.

Docket No. 1205-UP-156, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 5, Township 4 North, Range 64 West, 6th P.M., to accommodate the Burman C05-21D Well (API No. 05-123-34342), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Docket No. 1205-UP-157, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 5, Township 4 North, Range 64 West, 6th P.M., to accommodate the Burman C05-22D Well (API No. 05-123-34336), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Docket No. 1205-UP-158, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 18, Township 4 North, Range 63 West, 6th P.M., to accommodate the Sater CC 18-24 Well (API No. 05-123-31129) ("Well"), for the development and operation of the Codell and Niobrara Formations.

Docket No. 1205-UP-159, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 17, Township 4 North, Range 65 West, 6th P.M., to accommodate the Shable G17-22D Well (API No. 05-123-34799), for the development and operation of the Codell & Niobrara Formations.

Docket No. 1205-UP-160, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 316.88-acre designated wellbore spacing unit for certain lands in Section 6, Township 7 North, Range 63 West, 6th P.M., to accommodate the Jones AC 06-75HN Well (API No. 05-123-35214), for the development and operation of the Niobrara Formation.

Docket No. 1205-UP-161, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore

RECORD OF PROCEEDINGS

spacing unit consisting of certain lands in Sections 30 & 31, Township 6 North, Range 65 West, 6th P.M., to accommodate the Monfort E 31-27 Well (API No. 05-123-24274), for the development and operation of the Codell & Niobrara Formations.

The motion was seconded by Commissioner Craig and approved unanimously.

Group C

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group C of the Consent Agenda. Commissioner Spielman indicated a conflict of interest and requested to set aside Docket Nos. 1205-UP-136 and 1205-UP-137, and will refrain from voting on these matters. Commissioner Pearce indicated a conflict of interest and requested to set aside Docket No. 1205-UP-149, and will refrain from voting on this matter. Chairman Compton asked if any Commissioners wanted to have any matter pulled from Group C of the Consent Agenda. No such requests were made.

Commissioner Pearce moved for the approval of all Group C applications of the Consent Agenda, excluding Docket Nos. 1205-UP-36, 1205-UP-37 and 1205-UP-149, as recommended by Staff, as follows:

Docket No. 1205-UP-138, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 889.21-acre exploratory drilling and spacing unit, including certain lands in Section 1, & 12, Township 7 North, Range 91 West, 6th P.M., to accommodate the Bulldog 1-22H-791 Well, for the development and operation of the Mancos and Niobrara Formations.

Docket No. 1205-UP-139, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 970.06-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 5, 8 & 17, Township 7 North, Range 89 West, 6th P.M., to accommodate the Bulldog 5-43H-789 Well, for the development and operation of the Mancos and Niobrara Formations.

Docket No. 1205-UP-140, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 1272.61-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 6 & 7, Township 7 North, Range 89 West, 6th P.M., to accommodate the Bulldog 7-14H-789 Well, for the development and operation of the Mancos and Niobrara Formations.

Docket No. 1205-UP-141, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 1027.90-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 6 & 7, Township 7 North, Range 90 West, 6th P.M., to accommodate the Bulldog 6-31H-790 Well, for the development and operation of the Mancos and Niobrara Formations.

Docket No. 1204-UP-80, Unnamed Field, Weld County, Applicant, Carrizo Oil & Gas, Inc. Request for an order to pool all interests in an approximate 640-acre drilling and spacing unit consisting of Section 27, Township 10 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1205-UP-143, Wattenberg Field, Broomfield County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Sections 23 & 24, Township 1 North, Range 68 West, 6th P.M., to accommodate the Bury Crandell 8-4-23 Well (API No. 05-123-31391), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Docket No. 1205-UP-144, Wattenberg Field, Weld County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit for certain lands in Sections 15 & 22, Township 1 North, Range 68

RECORD OF PROCEEDINGS

West, 6th P.M., to accommodate the Cosslett 6-0-22 Well (API No. 05-123-32704), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Docket No. 1205-UP-145, Wattenberg Field, Weld County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit consisting of the E½ of Section 22, Township 1 North, Range 68 West, 6th P.M., to accommodate the Cosslett 6-4-22 Well (API No. 05-123-32736), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Docket No. 1205-UP-146, Wattenberg Field, Weld County, Applicant: Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit for certain lands in Sections 22 & 23, Township 1 North, Range 68 West, 6th P.M., to accommodate the Cosslett 8-2-22 Well (API No. 05-123-32702), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Docket No. 1205-UP-147, Wattenberg Field, Weld County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Sections 15 and 22, Township 1 North, Range 68 West, 6th P.M., for the development and operation of the Codell, Niobrara and "J" Sand Formations.

Docket No. 1204-UP-88, Craig Field, Moffat County, Applicant, Gulfport Energy Corporation. Request for an order to establish an approximate 640-acre drilling and spacing unit consisting of the S½ of Section 5 and the N½ of Section 8, Township 6 North, Range 91 West, 6th P.M., approve up to two vertical, highly deviated or horizontal wells within the unit, and pool all interests in said unit, for the development and operation of the Niobrara Formation.

Docket No. 1205-UP-148, Wattenberg Field, Weld County, Applicant, Kerr-McGee Oil & Gas Onshore LP. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Sections 3 & 10, Township 2 North, Range 67 West, 6th P.M., to accommodate the Strear 29-10 Well (API No. 05-123-33782), for the development and operation of the Codell, Niobrara and "J" Sand Formations.

Docket No. 1205-UP-162, Wattenberg Field, Weld County, Applicant, Unioil d/b/a PDC Energy. Request for an order to pool all interests in two approximate 80-acre designated wellbore spacing units to accommodate the Walters 24-21DU (API No. 05-123-32001) and the Walters 23-21DU (API No. 05-123-31966) Wells, and pool all interests in an approximate 160-acre designated wellbore spacing unit to accommodate the Walters 21ODU Well (API No. 05-123-31963), consisting of certain lands in Section 21, Township 4 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Docket No. 1205-UP-163, Wattenberg Field, Weld County, Applicant, Unioil d/b/a PDC Energy. Request for an order to pool all interests in five approximate 80-acre designated wellbore spacing units to accommodate the Binder 22-10D U (API No. 05-123-31149), Binder 11-10D U (API No. 05-123-31515), Binder 12-10D U (API No. 05-123-31519), Binder 21-10D U (API No. 05-123-32494), Binder 32-10D U (API No. 05-123-31148) Wells, and pool all interests in five approximate 160-acre designated wellbore spacing units to accommodate the Binder 10AD U (API No. 05-123-331516), Binder 10O U (API No. 05-123-31021), Binder 10KD U (API No. 05-123-31015), Binder 10ND U (API No. 05-123-31154), and the Binder 10CD U (API No. 05-123-31150) Wells consisting of certain lands in Section 10, Township 4 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

The motion was seconded by Commissioner Spielman and approved unanimously.

Commissioner Alward moved for the approval of Docket Nos. 1205-UP-136 and 1205-UP-137, as recommended by Staff, as follows:

RECORD OF PROCEEDINGS

Docket No. 1205-UP-136, Mamm Creek Field, Garfield County, Applicant, Antero Resources Piceance Corporation. Request for an order to establish an approximate 509-acre exploratory drilling and spacing unit consisting of certain lands in Sections 8 and 9, Township 6 South, Range 92 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Williams Fork Formation and pool all interests in the unit, for the development and operation of the Williams Fork Formation, to accommodate the River Ranch C-1H Well (API No. 05-045-13283).

Docket No. 1205-UP-137, Mamm Creek Field, Garfield County, Applicant, Antero Resources Piceance Corporation. Request for an order to establish an approximate 640-acre exploratory drilling and spacing unit consisting of certain lands in Sections 11 and 14, Township 6 South, Range 92 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Williams Fork Formation, and pool all interests in the unit to accommodate the Valley Farms F-1H Well (API No. 05-045-18286), for the development and operation of the Williams Fork Formation.

The motion was seconded by Commissioner Benton and approved unanimously. Commissioner Spielman abstained from voting.

Commissioner Spielman moved for the approval of Docket No. 1205-UP-149, as recommended by Staff, as follows:

Docket No. 1205-UP-149, Wattenberg Field, Weld County, Applicant, Marathon Oil Company. Request for an order to amend Order Nos. 407-528, 407-559, and 535-27, vacate Order No. 535-27, authorize up to four horizontal wells in certain established drilling and spacing units, establish various 640-acre and 1280-acre drilling and spacing units for lands consisting of Sections 3, 13, 18, 24 & 25, 28, 32 & 33, Township 7 North, Ranges 60 & 62 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Benton and approved unanimously. Commissioner Pearce abstained from voting.

Group D

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group D of the Consent Agenda. Commissioner Alward requested to abstain from voting on Docket No. 1109-OV-28. He asked if any Commissioners wanted to have any matter pulled from Group D of the Consent Agenda. No such requests were made.

Commissioner Pearce moved for the approval of Docket No. 1108-OV-20 as recommended by Staff, as follows:

Cause No. 1V, Docket No. 1108-OV-20, Weld County. Request for an Administrative Order by Consent against ***Diversified Operating Corp.*** for various Rule violations at certain wells located in Weld County.

The motion was seconded by Commissioner Craig and approved unanimously.

Commissioner Pearce moved for the approval of Docket No. 1109-OV-28 as recommended by Staff, as follows:

Cause No. 1V, Docket No. 1109-OV-28, Kiowa County. Request for an Administrative Order by Consent against ***Western Operating Company*** for various Rule violations at the King-Pyles #2 Well, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9, Township 19 South, Range 45 West, 6th P.M., the Foster #1 Well, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 15, Township 19 South, Range 45 West, 6th P.M., the Dawson A 1 Well, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 9, and the Dawson #4 Well, located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 3, Township 19 South, Range 45 West, 6th P.M.

RECORD OF PROCEEDINGS

The motion was seconded by Commissioner Benton and approved by a 6 to 1 vote, with Commissioner Spielman in opposition and Commissioner Alward abstained from voting.

Commissioner Benton moved for the approval of the Hearing Officer Recommendation on the Chevron Motion to Strike recommending to grant the motion in Docket No. 1108-OV-22 described As follows:

Cause No. 1V, Docket No. 1108-OV-22, Washington County. Request for an Administrative Order by Consent against **Coral Production Corp.** for various Rule violations at the Christiansen #B-5 Well, located in the NE¼ NW¼ of Section 27, Township 3 South, Range 50 West, 6th P.M.

The motion was seconded by Commissioner Craig and approved unanimously.

General Hearing Matters:

Docket No. 1203-GA-03, Navajo Field, Archuleta County, Applicant, Alamosa Drilling Inc. This is a request under Rule 502.b.(1) for a variance to Rule 603.a.(2) (150 foot setback from surface property line) by Alamosa. It is protested by Dr. Maude E. Nielsen, the neighboring land owner who is impacted by the proposed variance.

Acting Hearings Manager Gowen explained this matter was continued from the April 16, 2012 Hearing, because the final vote was a 3-3, resulting in the motion failing.

Acting Director Kerr explained a historical background on the issuance of the drilling permit. On June 9, 2010 Alamosa Drilling, Inc. ("Alamosa") spud the Janke #3 Well (API No. 05-007-06280) at a surface location not consistent with surface property line setback requirements of Rule 603.a.(2). Alamosa has attempted, but cannot obtain a waiver from the affected adjacent surface property owner under Rule 603.a.(2) Alamosa seeks a variance from the Commission to Rule 603.a.2. to legalize the surface location of the Janke #3 Well.

Dr. Maude E. Nielson is the adjacent surface owner impacted by the subject well. She objects to the granting of the variance and seeks to have the well plugged and the location abandoned. She owns the surface and 100% of the mineral rights of the adjacent property. She also has a 50% interest in the mineral rights on the property which Alamosa has its lease. The subject well was moved and not drilled at the location specified on the approved Application for Permit to Drill. The as-built well location is within the 150 foot setback distance from the adjacent surface property line. The requested variance would make the current well location legal. A Sundry Notice - Form 4 for a Change of Location is pending, and cannot be approved without a waiver from the surface property owner, or approval from the Commission.

Assistant Attorney General Matter swore Todd Moore, President of Alamosa Drilling, and Dr. Maude E. Nielson in before the Commission. Todd Moore is represented by Beatty and Wozniak, Jamie Jost and Elizabeth Gallaway and Dr. Nielsen participated by telephone, pro se.

Elizabeth Gallaway, representing Alamosa Drilling, argued Alamosa has leasehold rights on all lands, therefore; 1) the 150 foot setback does not apply, 2) Safety Regulations, Rule 603 does not apply, because there is no building within the 150 foot setback requirement, and 3) it is infeasible to locate the well in another location.

Dr. Nielson stated her objection to the current well location and requested the Commission deny Alamosa's request to approve the Sundry, Form 4 to legalize the current well location. Dr. Nielson stated the issues impacting her: 1) proximity of the well to her property and the noise, trucks, environmental concerns due to proximity; 2) Alamosa Drilling did not inform her of this well and it was admitted during the Pre-hearing Conference that this is an illegal well; 3) it is an eyesore; and 4) Alamosa Drilling's practices and their history/record of violations. Dr. Nielson also stated that the original well location was surveyed and approved, and she was informed that the setback rule does apply, regardless of leasehold and Alamosa Drilling holding entire leasehold rights. Dr. Nielson submitted photographs of the properties, the well, the tanks, and surrounding environment, including the river.

RECORD OF PROCEEDINGS

Elizabeth Gallaway, representing Alamosa Drilling, objected to photographs submitted by Dr. Nielson based on; 1) Alamosa Drilling did not have an opportunity to review prior to hearing and 2) the photographs do not apply to the leasehold. Ms. Gallaway further stated that; 1) Dr. Nielson signed a lease and receives royalty payments, 2) Alamosa Drilling does not deny the location of the well to be less than 150 feet from Dr. Nielson's property, 3) Alamosa Drilling holds the leasehold, 4) the NOAVs issued by the COGCC for pit lining violations are settled, and 5) the Doctrine of Reasonable Accommodation applies.

Commissioner Alward asked Elizabeth Gallaway and Jamie Jost where they are getting the language that the setback rules do not apply due to possessing a leasehold. Assistant Attorney General Matter commented that no textual support that a leasehold removes setback rule and inquired whether referring to the Reasonable Accommodation Doctrine. Jamie Jost affirmed.

Commissioner Benton asked Alamosa Drilling if any efforts were made to determine true property line prior to building the well, besides verbal acknowledgment from tenants on the land, such as a survey.

Alamosa Drilling/Todd Moore confirmed that a survey was not performed and he did not seek a variance for the well. He made an assumption that because Alamosa Drilling contacted the COGCC and COGCC Staff visited the site, the new well location was approved.

Commissioner Alward noted that the well setback distance, as stated in Alamosa's Sundry Notice requesting a change in surface location, listed a 296 foot distance to the nearest property line, but Alamosa Drilling admitted knowing that the distance to the adjacent property line was less than 150 feet. Mr. Moore stated the 296 foot number was incorrect. Commissioner Alward noted that the COGCC Staff would not have known the well location was encroaching on well setback requirements due to the incorrect information provided by Alamosa Drilling on the Sundry Notice. Mr. Moore agreed.

Commissioner Alward inquired as to why Alamosa Drilling is claiming that there is no other feasible site for the well, even though the original well and its location was permitted by the COGCC in 2009. Jamie Jost, representing Alamosa Drilling, answered that the surface location of the original permitted well was not discussed nor approved by the surface owner (Janke).

Commissioner Benton asked the Staff whether there is a material difference between the two locations; the 2009 permitted location and the current illegal location. Acting Director Kerr stated that both locations are feasible. Acting Director Kerr also shared that setback issues are usually discussed and resolved prior to the building of the well, and the leaseholder has a right to locate a well anywhere on the property. However, the leaseholder must comply with the Rules and Reasonable Accommodation Doctrine, as the setback rules do not disappear because of a leasehold, and variances have been granted in the past for less than 150 feet.

Assistant Attorney General Matter referenced and read Acting Hearings Manager Gowen's memo that sets forth the test from Rule 502.b.(1) for granting a variance; the operator shall make a showing that it has made a good faith effort to comply, or is unable to comply with the specific requirements contained in the rules, regulations, or orders, from which it seeks a variance, including, without limitation, securing a waiver or an exception, if any, and that the requested variance will not violate the basic intent of the Oil and Gas Conservation Act.

Commissioner King stated that a good faith requirement, in his opinion, is an effort made before drilling. It is not to drill, then seek permission, and then beg forgiveness.

Commissioner Spielman initiated deliberations after the record was closed. Commissioner Spielman stated he disagrees with Alamosa Drilling's argument that the setback rule is nullified due to holding leasehold on both properties. He also stated that good faith effort was not met by Alamosa based on the following findings: (a) no survey was performed at current well location; (b) a well site was previously approved and permitted in 2009; (c) no approval was given to move the 2009 permitted well site to a new location; (d) Alamosa never received authorized COGCC

RECORD OF PROCEEDINGS

approval for the proposed new pad/well location; (e) the Form 4 Sundry Notice misstates distance to property line; and (f) this is a highly technical, regulated industry and numbers count.

Commissioner Benton stated concerns with Alamosa Drilling's failure to obtain a survey and basing the location of property line on verbal discussions with tenants of the land, not surface owners. Also, Rule 600 series is safety oriented and there are no structures near the derrick.

Commissioner Pearce posed the assumption that a rule violation occurred and asked what is an appropriate penalty or remediation of the violated rule. Commissioner Pearce stated that he believes if a variance is not granted then there will be an increase in environmental damage, which is not the mission of our Commission.

Commissioner Craig stated concerns with Alamosa Drilling's performance, as well as COGCC communications, and good faith efforts between the parties.

Commissioner Alward stated concerns with Alamosa Drilling's failure to contact Dr. Nielson before the well was spud and the safety concerns of cited from the Rule 600 series was never applied by Alamosa Drilling when they decided to initially move the well location. Therefore, Alamosa Drilling should not apply the Rule 600 series now.

Commissioner Benton then made a motion to approve the requested variance to legalize the current well location.

The motion was seconded by Commissioner Pearce and a vote was taken.

Commissioners Craig, Compton, Benton, and Pearce voted in favor of the motion. Commissioners Spielman, King, Alward, and Urbina voted against the motion. The final vote was 4-4, therefore the motion failed.

Lunch Break /Executive Session:

The purpose of the executive session, pursuant to C.R.S. §24-6-402(3)(a)(II), was to discuss matters with the attorney representing the Commission, concerning matters that are subject to pending or imminent court action, concerning specific claims or grievances, or to receive legal advice on specific legal questions.

Commissioner Pearce moved that the Commission enter Executive Session to discuss matters listed in the Hearing Agenda as follows:

- *Grand Valley Citizens Alliance v. COGCC*
- *Update on local attempts to regulate oil and gas operations*
- *Analysis of City of Longmont ordinance regulating oil and gas operations.*
- *Analysis of Routt County efforts to regulate oil and gas operations.*
- *Analysis of Boulder County 12 month moratorium on oil and gas operations.*

The motion was seconded by Commissioner Spielman and approved unanimously.

The Commission went in Executive Session at 12:15 p.m. during a working lunch, reconvening at 1:15 p.m. A motion to return to open session was made by Commissioner Benton, seconded by Commissioner Pearce, and approved unanimously.

General Hearing Matters:

Docket No. 1205-GA-10, Garfield County, Applicant, Berry Petroleum Company. Memorandum of Understanding regarding performance of public project in lieu of fine related to Order No. 1V-372.

Chris Freeman, Regional Environmental Manager for Berry Petroleum and Chris Canfield, NW Environmental Protection Specialist, explained the public project that is in cooperation with the

RECORD OF PROCEEDINGS

Colorado River Water Conservation District, ("CRWCD") and the Middle Colorado River Watershed Partnership ("MCRWP"). The public project is generally described in a proposal by the MCRWP as a Riparian Restoration Project, dated December 11, 2011. A memorandum of understanding was prepared by Commission Staff, Berry Petroleum, CRWCD and the MCRWP which approves the project as consistent with the AOC Order No. 1V-372, further establishing the procedures governing Berry's payment for the project, CRWCD managing the project, and MCRWP implementing the project. The Berry funds will be the local match for a grant from the U.S. Environmental Protection Agency pursuant to Section 319 (h) of the Clean Water Act.

Commissioner Spielman complimented the project and shared that he is a big advocate of SEPs.

Commissioner Pearce applauded and encouraged this type of solution due to its beneficial outcome.

Commissioner Pearce moved for the approval of Docket No. 1205-GA-10, as recommended by Staff. The motion was seconded by Commissioner Benton and approved unanimously.

Presentations

Oil and Gas Reclamation Task Force Report – Presentations by Charlie Montgomery, Energy Organizer for the Colorado Environmental Coalition, Tisha Schuller, President and CEO of the Colorado Oil and Gas Association, Dr. Tamara Minnick, Mesa State University Professor.

There was no further business before the Commission. The meeting was adjourned.

Adjourned 2:30 p.m.

=====
The Acting Secretary was therefore authorized to issue the following orders:

Order No. 407-625, Docket No. 1201-UP-45, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 466.99-acre wellbore spacing unit consisting of certain lands in Sections 1, 2, 11 and 12, Township 4 North, Range 64 West, 6th P.M. and Sections 6 and 7, Township 4 North, Range 63 West, 6th P.M., to accommodate the drilled Bobcat C12-69HN (API No. 05-123-34432) Well, for the development and operation of the Codell and Niobrara Formations.

Order No. 407-626, Docket No. 1201-UP-46, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre wellbore spacing unit consisting of certain lands in Sections 2 and 11, Township 4 North, Range 64 West, 6th P.M., to accommodate the proposed Panther C11-27D Well (API No. 05-123-34157) Well, for the development and operation of the Codell and Niobrara Formations.

Order No. 535-158, Docket No. 1204-SP-39, Unnamed Field, Weld County, Applicant, Marathon Oil Company. Request for an order to establish five approximate 640-acre drilling and spacing units, consisting of certain lands in Townships 8 and 9 North, Ranges 64 and 65 West, 6th P.M., and establish three approximate 1280-acre drilling and spacing units consisting of certain lands in Township 9 North, Ranges 63 and 64 West, 6th P.M., and authorize up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 232-326, Docket No. 1204-SP-45, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to establish an approximate 80-acre drilling and spacing unit ("DSU #1") consisting of the E½ SE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Condell and Niobrara Formations, and establish an approximate 160-acre drilling and spacing unit ("DSU #2") consisting of the SE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the "J" Sand Formation.

RECORD OF PROCEEDINGS

Order No. 407-628, Docket No. 1204-SP-46, Wattenberg Field, Weld County, Applicant, Noble Energy Inc. Request for an order to establish an approximate 80-acre drilling and spacing unit consisting of the W½ SW¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Condell and Niobrara Formations.

Order No. 232-327, Docket No. 1204-SP-47, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to establish an approximate 80-acre drilling and spacing unit ("DSU #1") consisting of the E½ NE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Condell and Niobrara Formations; and establish an approximate 160-acre drilling and spacing unit ("DSU #2") consisting of the NE¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the "J" Sand Formation.

Order No. 535-159, Docket No. 1204-UP-80, Unnamed Field, Weld County, Applicant, Carrizo Oil & Gas, Inc. Request for an order to pool all interests in an approximate 640-acre drilling and spacing unit consisting of Section 27, Township 10 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 199-6, Docket No. 1204-UP-88, Craig Field, Moffat County, Applicant, Gulfport Energy Corporation. Request for an order to establish an approximate 640-acre drilling and spacing unit consisting of the S½ of Section 5 and the N½ of Section 8, Township 6 North, Range 91 West, 6th P.M., approve up to two vertical, highly deviated or horizontal wells within the unit, and pool all interests in said unit, for the development and operation of the Niobrara Formation.

Order No. 232-328 and 407-630, Docket No. 1204-UP-119, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre drilling and spacing unit ("DSU #1"), for the development and operation of the Codell and Niobrara Formations, and pool all interests in an approximate 160-acre drilling and spacing unit ("DSU #2"), for the development and operation of the "J" Sand Formation consisting of certain lands in Section 12, Township 7 North, Range 64 West, 6th P.M., to accommodate the Walcker AB12-08 Well (API No. 05-123-34272).

Order No. 232-329 and 407-631, Docket No. 1204-UP-120, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre drilling and spacing unit ("DSU #1"), for the development and operation of the Codell and Niobrara Formations and pool all interests in an approximate 160-acre drilling and spacing unit ("DSU #2"), for the development and operation of the "J" Sand Formation consisting of certain lands in Section 12, Township 7 North, Range 64 West, 6th P.M., to accommodate the Walcker AB12-09 Well (API No. 05-123-34271).

Order No. 407-632, Docket No. 1204-UP-121, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre drilling and spacing unit consisting of the W½ SW¼ of Section 12, Township 7 North, Range 64 West, 6th P.M., to accommodate the Walcker AB12-12 Well (API No. 05-123-31709), for the development and operation of the Codell and Niobrara Formations.

Order No. 407-633, Docket No. 1205-AW-03, Wattenberg Field, Weld County, Applicant, Bonanza Creek Energy Operating Company LLC. Request for an order to allow one or more additional horizontal wells within each existing approximate 640-acre drilling and spacing unit, for certain lands in Townships 5 North, Ranges 61 and 62 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 407-634, Docket No. 1205-AW-04, Wattenberg Field, Weld County, Applicant, Bonanza Creek Energy Operating Company LLC. Request for an order to allow one or more additional horizontal wells within the existing approximate 640-acre drilling and spacing unit, consisting of Section 28, in Townships 5 North, Ranges 63 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

RECORD OF PROCEEDINGS

Order No. 407-635, Docket No. 1205-AW-05, Wattenberg Field, Weld County, Applicant, Marathon Oil Company. Request for an order to amend Order No. 407-560, to authorize up to four horizontal wells within each existing approximate 640-acre drilling and spacing unit, consisting of Section 6, Township 3 North, Range 62 West, 6th P.M., Section 16, Township 3 North, Range 63 West, 6th P.M., and Section 36, Township 4 North, Range 63 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 1-176, Docket No. 1205-GA-10, Garfield County, Applicant, Berry Petroleum Company. Memorandum of Understanding regarding performance of public project in lieu of fine related to Order No. 1V-372.

Order No. 540-03, Docket No. 1205-SP-50, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 970.06-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 5, 8, and 17, Township 7 North, Range 89 West, 6th P.M., and allow one or more horizontal wells, for the production of oil, gas and associated hydrocarbons from the Mancos Group Formations.

Order No. 540-04, Docket No. 1205-SP-52, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 1027.90-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 6 and 7, Township 7 North, Range 90 West, 6th P.M., and allow one or more horizontal wells, for the production of oil, gas and associated hydrocarbons from the Mancos Group Formations.

Order No. 535-160, Docket No. 1205-SP-54, Unnamed Field, Larimer County, Applicant, Marathon Oil Company. Request for an order to amend Order No. 535-45 to authorize up to four wells within each existing 640-acre drilling and spacing unit, consisting of Sections 16 & 19, Township 10 North, Range 68 West, 6th P.M., establish two 640-acre drilling and spacing units, consisting of Section 5 and 33, Township 11 North, Range 68 West 6th P.M, and establish four 1280-acre drilling and spacing units, consisting of Sections 5, 9, 15, 16, 20 through 22, 28 through 30, and 33, Township 11 North, Range 68 West, 6th P.M., authorize up to four wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-161, Docket No. 1205-SP-55, Unnamed Field, Weld County, Applicant, Marathon Oil Company. Request for an order to amend Order No. 535-46 to authorize up to four wells within the existing 640-acre drilling and spacing unit, consisting of Section 30, Township 8 North, Range 64 West, 6th P.M., and establish a 640-acre drilling and spacing unit consisting of Section 34, Township 9 North, Range 65 West, 6th P.M., and allow up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 407-657, Docket No. 1205-SP-56, Unnamed Field, Weld County, Applicant, Marathon Oil Company. Request for an order to establish an approximate 640-acre drilling and spacing unit consisting of Section 4, Township 7 North, Range 66 West, 6th P.M., and allow up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 540-05, Docket No. 1205-SP-58, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 1272.61-acre exploratory drilling and spacing unit for certain lands in Sections 6 & 7, Township 7 North, Range 89 West, 6th P.M., and authorize one or more horizontal wells, to be located anywhere on the surface, or on adjacent lands, for the production of oil, gas and associated hydrocarbons from the Mancos and Niobrara Formations.

Order No. 540-06, Docket No. 1205-SP-59, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to establish an approximate 889.21-acre exploratory drilling and spacing unit consisting of certain lands in Sections 1 & 12, Township 7 North, Range 91 West, 6th P.M., and authorize one or more horizontal wells, to be located anywhere on the surface, or on adjacent lands, for the production of oil, gas and associated hydrocarbons from the Mancos & Niobrara Formations.

RECORD OF PROCEEDINGS

Order No. 191-93 and 510-60, Docket No. 1205-UP-136, Mamm Creek Field, Garfield County, Applicant, Antero Resources Piceance Corporation. Request for an order to establish an approximate 509-acre exploratory drilling and spacing unit consisting of certain lands in Sections 8 and 9, Township 6 South, Range 92 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Williams Fork Formation and pool all interests in the unit, for the development and operation of the Williams Fork Formation, to accommodate the River Ranch C-1H Well (API No. 05-045-13283).

Order No. 191-94 and 510-61, Docket No. 1205-UP-137, Mamm Creek Field, Garfield County, Applicant, Antero Resources Piceance Corporation. Request for an order to establish an approximate 640-acre exploratory drilling and spacing unit consisting of certain lands in Sections 11 and 14, Township 6 South, Range 92 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Williams Fork Formation, and pool all interests in the unit to accommodate the Valley Farms F-1H Well (API No. 05-045-18286), for the development and operation of the Williams Fork Formation.

Order No. 540-07, Docket No. 1205-UP-138, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 889.21-acre exploratory drilling and spacing unit, including certain lands in Section 1, & 12, Township 7 North, Range 91 West, 6th P.M., to accommodate the Bulldog 1-22H-791 Well, for the development and operation of the Mancos and Niobrara Formations.

Order No. 540-08, Docket No. 1205-UP-139, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 970.06-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 5, 8 & 17, Township 7 North, Range 89 West, 6th P.M., to accommodate the Bulldog 5-43H-789 Well, for the development and operation of the Mancos and Niobrara Formations.

Order No. 540-09, Docket No. 1205-UP-140, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 1272.61-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 6 & 7, Township 7 North, Range 89 West, 6th P.M., to accommodate the Bulldog 7-14H-789 Well, for the development and operation of the Mancos and Niobrara Formations.

Order No. 540-10, Docket No. 1205-UP-141, Unnamed Field, Moffat County, Applicant, Axia Energy, LLC. Request for an order to pool all interests in an approximate 1027.90-acre exploratory drilling and spacing unit, consisting of certain lands in Sections 6 & 7, Township 7 North, Range 90 West, 6th P.M., to accommodate the Bulldog 6-31H-790 Well, for the development and operation of the Mancos and Niobrara Formations.

Order No. 232-330 and 407-636, Docket No. 1205-UP-143, Wattenberg Field, Broomfield County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Sections 23 & 24, Township 1 North, Range 68 West, 6th P.M., to accommodate the Bury Crandell 8-4-23 Well (API No. 05-123-31391), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Order No. 232-331 and 407-637, Docket No. 1205-UP-144, Wattenberg Field, Weld County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit for certain lands in Sections 15 & 22, Township 1 North, Range 68 West, 6th P.M., to accommodate the Cosslett 6-0-22 Well (API No. 05-123-32704), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Order No. 232-332 and 407-638, Docket No. 1205-UP-145, Wattenberg Field, Weld County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit consisting of the E½ of Section 22, Township 1 North, Range 68 West, 6th P.M., to accommodate the Cosslett 6-4-22 Well (API No. 05-123-32736), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

RECORD OF PROCEEDINGS

Order No. 232-333 and 407-639, Docket No. 1205-UP-146, Wattenberg Field, Weld County, Applicant: Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit for certain lands in Sections 22 & 23, Township 1 North, Range 68 West, 6th P.M., to accommodate the Cosslett 8-2-22 Well (API No. 05-123-32702), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Order No. 232-334 and 407-640, Docket No. 1205-UP-147, Wattenberg Field, Weld County, Applicant, Encana Oil and Gas (USA) Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Sections 15 and 22, Township 1 North, Range 68 West, 6th P.M., for the development and operation of the Codell, Niobrara and "J" Sand Formations.

Order No. 232-335 and 407-641, Docket No. 1205-UP-148, Wattenberg Field, Weld County, Applicant, Kerr-McGee Oil & Gas Onshore LP. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Sections 3 & 10, Township 2 North, Range 67 West, 6th P.M., to accommodate the Strear 29-10 Well (API No. 05-123-33782), for the development and operation of the Codell, Niobrara and "J" Sand Formations.

Order No. 407-642 and 535-163, Docket No. 1205-UP-149, Wattenberg Field, Weld County, Applicant, Marathon Oil Company. Request for an order to amend Order Nos. 407-528, 407-559, and 535-27, vacate Order No. 535-27, authorize up to four horizontal wells in certain established drilling and spacing units, establish various 640-acre and 1280-acre drilling and spacing units for lands consisting of Sections 3, 13, 18, 24 & 25, 28, 32 & 33, Township 7 North, Ranges 60 & 62 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 407-643, Docket No. 1205-UP-150, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 80-acre designated wellbore spacing unit, consisting of certain lands in Section 17, Township 4 North, Range 66 West, 6th P.M., to accommodate the Owens K17-15 Well (API No. 05-123-30791), for the development and operation of the Codell and Niobrara Formations.

Order No. 407-644, Docket No. 1205-UP-151, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of SE $\frac{1}{4}$ of Section 17, Township 4 North, Range 66 West, 6th P.M., to accommodate the Owens K17-23D Well (API No. 05-123-30799), for the development and operation of the Codell and Niobrara Formations.

Order No. 407-645, Docket No. 1205-UP-152, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit, consisting of certain lands in Section 32, Township 3 North, Range 65 West, 6th P.M., to accommodate the McGuckin H32-75HN Well (API No. 05-123-35177), for the development and operation of the Niobrara Formation.

Order No. 407-646, Docket No. 1205-UP-153, Wattenberg Field, Weld County, Applicant Noble Energy, Inc. Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit, consisting of certain lands in Section 32, Township 3 North, Range 65 West, 6th P.M., and Section 5, Township 2 North, Range 65 West, 6th P.M., to accommodate the McGuckin X05-69HN Well (API No. 05-123-34809), for the development and operation of the Niobrara Formation.

Order No. 232-336 and 407-647, Docket No. 1205-UP-154, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Sections 29 & 32, Township 3 North, Range 65 West, 6th P.M., to accommodate the McGuckin H32-28D Well (API No. 05-123-35176), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Order No. 407-648, Docket No. 1205-UP-155, Wattenberg Field, Weld County, Applicant Noble Energy, Inc. Request for an order to pool all interests in an approximate 320-acre designated

RECORD OF PROCEEDINGS

wellbore spacing unit consisting of the N½ of Section 11, Township 3 North, Range 65 West, 6th P.M., to accommodate the Aristocrat H11-89HZ Well (API No. 05-123-32943), for the development and operation of the Codell Formation.

Order No. 232-337 and 407-649, Docket No. 1205-UP-156, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 5, Township 4 North, Range 64 West, 6th P.M., to accommodate the Burman C05-21D Well (API No. 05-123-34342), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Order No. 232-338 and 407-650, Docket No. 1205-UP-157, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 5, Township 4 North, Range 64 West, 6th P.M., to accommodate the Burman C05-22D Well (API No. 05-123-34336), for the development and operation of the Codell, Niobrara & "J" Sand Formations.

Order No. 407-651, Docket No. 1205-UP-158, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 18, Township 4 North, Range 63 West, 6th P.M., to accommodate the Sater CC 18-24 Well (API No. 05-123-31129) ("Well"), for the development and operation of the Codell and Niobrara Formations.

Order No. 407-652, Docket No. 1205-UP-159, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 17, Township 4 North, Range 65 West, 6th P.M., to accommodate the Shable G17-22D Well (API No. 05-123-34799), for the development and operation of the Codell & Niobrara Formations.

Order No. 407-653, Docket No. 1205-UP-160, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 316.88-acre designated wellbore spacing unit for certain lands in Section 6, Township 7 North, Range 63 West, 6th P.M., to accommodate the Jones AC 06-75HN Well (API No. 05-123-35214), for the development and operation of the Niobrara Formation.

Order No. 407-654, Docket No. 1205-UP-161, Wattenberg Field, Weld County, Applicant, Noble Energy, Inc. Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Sections 30 & 31, Township 6 North, Range 65 West, 6th P.M., to accommodate the Monfort E 31-27 Well (API No. 05-123-24274), for the development and operation of the Codell & Niobrara Formations.

Order No. 407-655, Docket No. 1205-UP-162, Wattenberg Field, Weld County, Applicant, Unioil d/b/a PDC Energy. Request for an order to pool all interests in two approximate 80-acre designated wellbore spacing units to accommodate the Walters 24-21DU (API No. 05-123-32001) and the Walters 23-21DU (API No. 05-123-31966) Wells, and pool all interests in an approximate 160-acre designated wellbore spacing unit to accommodate the Walters 21ODU Well (API No. 05-123-31963), consisting of certain lands in Section 21, Township 4 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Order No. 407-656, Docket No. 1205-UP-163, Wattenberg Field, Weld County, Applicant, Unioil d/b/a PDC Energy. Request for an order to pool all interests in five approximate 80-acre designated wellbore spacing units to accommodate the Binder 22-10D U (API No. 05-123-31149), Binder 11-10D U (API No. 05-123-31515), Binder 12-10D U (API No. 05-123-31519), Binder 21-10D U (API No. 05-123-32494), Binder 32-10D U (API No. 05-123-31148) Wells, and pool all interests in five approximate 160-acre designated wellbore spacing units to accommodate the Binder 10AD U (API No. 05-123-331516), Binder 10O U (API No. 05-123-31021), Binder 10KD U (API No. 05-123-31015), Binder 10ND U (API No. 05-123-31154), and the Binder 10CD U (API No. 05-123-31150) Wells consisting of certain lands in Section 10, Township 4 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

RECORD OF PROCEEDINGS

Order No. 1V-388, Cause No. 1V, Docket No. 1108-OV-20, Weld County. Request for an Administrative Order by Consent against ***Diversified Operating Corp.*** for various Rule violations at certain wells located in Weld County.

Order No. 1V-389, Cause No. 1V, Docket No. 1109-OV-28, Kiowa County. Request for an Administrative Order by Consent against ***Western Operating Company*** for various Rule violations at the King-Pyles #2 Well, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9, Township 19 South, Range 45 West, 6th P.M., the Foster #1 Well, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 15, Township 19 South, Range 45 West, 6th P.M., the Dawson A 1 Well, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 9, and the Dawson #4 Well, located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 3, Township 19 South, Range 45 West, 6th P.M.

Cause No. 1V, Docket No. 1108-OV-22, Washington County. Request for an Administrative Order by Consent against ***Coral Production Corp.*** for various Rule violations at the Christiansen #B-5 Well, located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27, Township 3 South, Range 50 West, 6th P.M. An Order approving the Hearing Officer Recommendation on the Chevron Motion to Strike, granting the Motion to Strike.

FOR THE COLORADO OIL AND GAS
CONSERVATION COMMISSION

Robert J. Frick, Secretary

Approved:

Tom Compton, Chair