

RECORD OF PROCEEDINGS

October 1, 2012

The Oil and Gas Conservation Commission ("COGCC") met on October 1, 2012, at the Routt County Justice Center, 1955 Shield Drive, Steamboat Springs, Colorado.

Roll Call of Commissioners:

Present:

Tom Compton	Chairman
Perry Pearce	Vice-Chairman
Richard D. Alward	Commissioner
DeAnn Craig	Commissioner
Tommy Holton	Commissioner
Mike King	Commissioner
Andrew Spielman	Commissioner
Matt Lepore	Director
Jake Matter	Assistant Attorney General
Robert Frick	Hearings Manager

Absent:

John Benton	Commissioner
Chris Urbina	Commissioner

Introductions:

Chair, Compton asked the Commissioners to introduce themselves, and explain the nature of their appointment.

Approval of Proceedings:

Commissioner Pearce moved for the approval of the minutes of the August 20, 2012 meeting. The motion was seconded by Commissioner Holton and approved unanimously.

DNR Executive Director's Report:

Executive Director King thanked Routt County for hosting the meeting and reported on the following:

1. State budget revenues are higher than anticipated. The source is likely related to the fact that the federal capital gains tax rate is scheduled to increase at the end of the year unless Congress acts to change it, and many are accelerating capital gains to beat an increase in the capital gains tax rate.
2. The Department is finalizing its budget request for the next fiscal year. Two new FTE's will be requested to assist permitting and inspection.
3. The State Land Board has generated over \$100,000,000 in revenues this year through mineral leases. This will substantially aid education funding for kindergarten through grade 12.
4. The process continues to transfer the Colorado Geological Survey (CGS) to administrative control of the Colorado School of Mines. This will enable the CGS to take advantage of funding opportunities it would not have as a division of the Department.

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Director's Report:

Director Lepore introduced staff assigned to cover this area of the state. They include: 1) Field Inspectors, Shaun Kellerby, Kris Kneidel; Field Inspection Manager, Margaret Ash; Environmental Protection Specialists, Chris Canfield and Western Colorado Environmental Supervisor, Alex Fischer.

Director Lepore summarized oil and gas activity in northwest Colorado. Routt County has 42 active wells, with 14 drilling permits issued over the past three years. Moffat and Rio Blanco counties have much higher levels of activity. Moffat County has 18 pending APD's. Rio Blanco has three pending APD's. Jackson County has 9 approved APD's and 23 locations approved.

Director Lepore reported the following: (Additional details available in written Staff Report.)

1. The groundwater quality database went live on September 19, 2012 for data generated on or after January 1, 2011. Older data is expected to be incorporated by the end of December, 2012.
2. Two Local Governmental Liaison positions have been filled in the Hearings Unit. These positions are tasked with improving the effectiveness of the Local Governmental Designee (LGD) program. Regional training classes for LGD's are expected to be ready for the first quarter of 2013.
3. Public outreach continues to be a significant staff effort. The following is a sampling of recent staff outreach efforts:
 - Margaret Ash, Field Inspection Manager led a field tour for the Director, Unconventional Natural Gas and Oil Institute (UNGI), Colorado School of Mines, and a team of academics from Pennsylvania State University and the University of Texas. The three universities are developing a 2-week training initiative for regulators and policymakers involved in shale oil development.
 - Karen Spray (Acting Environmental Manager), Mark Weems, Southwestern Are Engineer, and Mike Leonard (Southern Field Inspection Supervisor) were active participants in the recent Gas and Oil Regulatory Team meeting in Durango. Local governmental liaisons, Nancy Prince and Mark Morton were introduced to the group.
 - Several staff members also attended the Northwest Colorado Oil and Gas Forum and participated in the Garfield County Energy Advisory Board as well.
 - Thom Kerr, Permit & Technical Services Manager, gave a presentation to the Lafayette Town Council. The presentation covered state and local drilling activity, fracing rules, environmental and groundwater protection, and emissions.
 - Margaret Ash participated on a panel that discussed the potential for data management for use in decision making and planning around reclamation, and the role agencies would play. This panel discussion was part of the Reclamation Workshop at the Rocky Mountain Energy Epicenter conference. Other members of the panel included James Roberts with the BLM, Steven Paulsen with CSR-Inc, and Mike Shoemaker with WPX.

In total, nine staff participated in 11 general public outreach efforts with the following entities: Woman's Information Network; Unconventional Natural Gas and Oil Institute of the Colorado School of Mines; COGC Rocky Mountain Energy Epicenter Conference; San Juan Citizen's Alliance; Oil and Gas Accountability Project; Lafayette Town Council; Northwest Colorado Oil & COGCC Minutes – October 1, 2012

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Gas Forum; West Slope Colorado Oil & Gas Association; Garfield County Operator's Task Force; Garfield County Energy Advisory Board; National Business Institute; multiple first responder agencies in Prowers County and Bent County; and Colorado Environmental Health Association. The Local Governmental Liaisons participated in at least 12 other meetings over the same period.

4. The Environmental Manager position search has been narrowed to three finalists. Two in-house candidates include Peter Gintautas and James Milne. The outside candidate is Greg Naugle from the CDPHE, Water Quality Control Division. A final decision is expected by the end of October 2012.

5. Information technology upgrades are in progress. Current priorities include the groundwater quality database, Form 10, Form 4 (after completion of Form 10), and redesign of the web page. The web page redesign will likely be contracted out so internal IT staff can focus on e-forms and the groundwater quality database.

6. Arthur Koepsell demonstrated how the groundwater quality database can be accessed and operated from the public web page.

7. Stuart Ellsworth explained a new staff policy applicable for hydraulic fracturing horizontal wells within 300 feet of plugged and abandoned well bores. Options for operators include: 1) design horizontal well bores to be no closer than 300 feet of any plugged and abandoned bore; 2) avoid any hydraulic fracturing within 300 feet of any plugged and abandoned bore; or 3) re-enter the plugged and abandoned borehole, and isolate producing formations in accordance with current standards.

8. Alex Fischer explained the COGCC program for responding to requests for baseline water quality sampling. There is no current line item budget for this service and demands for the service are increasing. Priority is given to those wells in the area of imminent oil and gas development where the domestic water well is both permitted and operational.

Commissioner Alward requested an explanation of the third variance listed in the Staff Report to OXY USA LP. Margaret Ash explained this was a variance requested for a delay in the timing for interim reclamation under Rule 1003.b. While the location has been improved, no well has been drilled, but the operator expects to drill the well in the near future. The Director determined that little would be gained by requiring final reclamation on a location that had been inactive after initial preparation, but was scheduled for development in the near future.

Staff Request to Proceed with Setbacks and Groundwater Monitoring Rulemaking

Director Lepore explained the staff proposal to proceed with rulemaking for amendments to the 100, 200, 600, and 800 series of Rules for amendments to both setback provisions and to require statewide groundwater monitoring. He proposed that draft rules would be published in the Colorado Register by October 15, 2012. The first commission hearing would be November 15, 2012, with a special hearing in early December, with final rules adopted at the January 3, 2013 Commission meeting. He indicated that it was important to have the rules in place before the legislature convenes. He further suggested that Casey Sphall, Deputy Attorney General, Natural Resources & Environment Section be appointed Hearing Officer for prehearing purposes.

Chair Compton solicited public comments on the rulemaking proposal.

Jep Seman, attorney for the Colorado Petroleum Association, stated his organization's support for continuing with the existing rules and warned that the proposed rules could make things worse, by substantially delaying the issuance of permits. He noted that the groundwater monitoring proposal

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had not gone through a similar stakeholder process as the setback proposal had and thus the matter is not ripe for rulemaking.

Jeani Frickey, Colorado Association of Homebuilders, warned that setback rules changes need to carefully consider vested rights which attach once a development plan is approved by a local government. Her organization will withhold detailed comments until it has an opportunity to review the details of the proposal.

Kent Kuster, Oil and Gas Liaison, Colorado Department of Public Health and Environment, expressed his agency's support for the proposed rulemaking. He stated that there is no consensus as to what setbacks should be, but the adverse impacts can be mitigated.

Steve Lindsey, attorney for Quicksilver, stated that adverse impacts from noise, light, traffic, dust are unavoidable, but can be mitigated. He stated the importance to keep in mind mineral rights owners have to have their minerals produced. He suggested that waivers and variance procedures need to be incorporated into the proposed rules.

Frank Smith, Western Colorado Congress, stated he thought the current 350-foot setback was inadequate, and suggested a setback of 1,000 feet. He claims that ten studies submitted to the stakeholders group provided technical support for increasing setbacks.

Commissioners offered their thoughts on the staff proposed rulemaking as follows:

Commissioner Craig: In considering setback rulemaking, issues to be considered include: 1) what is it that needs to be mitigated?; 2) what scientific data support the proposals?; 3) what are the benefit/cost comparisons?; and 4) it is important not to leave unrecovered resource in place by excessive setbacks.

Commissioner King: The staff proposal is a natural progression to the 2008 rulemaking to address recent community impacts as oil and gas activity moves closer to more populated areas. The rules will hold industry to the highest environmental standards, yet will be responsible to industry, mineral owners, and residents. He expected "off ramps", providing negotiated case-by-case negotiated solutions. He stated it was important for the Commission to step up, and adopt pre-emptive state-wide rules, to avoid inconsistent, patchwork regulations by local governments.

Commissioner Alward: Setbacks were intentionally deferred in the 2008 rulemaking, and it is time to take them up again. It is important to identify risks to be addressed, and what problems the proposed rules are intended to address.

Commissioner Holton: The current rules are working fine in Weld County. Cities negotiate solutions to problems on a case-by-case basis. He favored bifurcating the groundwater monitoring rulemaking proposal from the setback rulemaking proposal.

Commissioner Spielman: There is no known right answer at this point. The staff proposal is a good starting point for public consideration. Setbacks are unfinished business from the 2008 rulemaking, and this is the right time to reset the setback rulemaking process.

Commissioner Holton moved to bifurcate the setback rulemaking and groundwater quality monitoring rulemaking into separate proceedings. The motion was seconded by Commissioner Pearce. The motion passed 4-3, with Commissioners Alward, King and Spielman dissenting.

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Commissioner Alward moved to authorize the setback portion of the staff recommendation for rulemaking as presented by staff. The motion was seconded by Commissioner Spielman. The motion passed with a 6-1 vote, with Commissioner Holton dissenting.

Commissioner _____ moved to authorize the groundwater monitoring portion of the rulemaking proposed by staff. Commissioner _____, seconded the motion, which was approved unanimously.

Director Lepore noted that the appointment of Casey Sphall as Hearing Officer for prehearing procedures would be included in the orders authorizing the rulemaking proceedings.

Commissioner Comments:

None.

Audience Comments:

The following persons offered general public comments on behalf of themselves and Citizens Supporting Property Rights: Wayne Jacobetto; Scott Hayden; Doug Kiesau; Steve Elkins; Christy Belton; Dave Zehner; Amy Williams; Jody Camilletti; Cynthia Crawford; and Harry Thompson. The speakers voiced concern over County Commissioners exceeding its land use authority in regulating oil and gas activity in Routt County to the point of depriving mineral owners the rights of developing their minerals.

Steve Lindsey, Quicksilver, expressed concern with over regulation of oil and gas activity by Routt County, and that excessive conditions of approval were essentially a denial of a permit.

Ben Bell supported the Routt County Commissioners in their efforts to regulate oil and gas activities in the county.

Roger Steen, Community Alliance for Yampa Valley, sought to minimize adverse impacts of oil and gas activities while maximizing the good impacts. He advocated for updating rules to provide greater water quality and noise protections.

Catherine Carson supported statewide minimum regulations, but saw a need to provide flexibility for individualized circumstances in each county. She also thought oil and gas air quality rules need to be enhanced.

Stuart Orcah supported empowerment of local communities to enforce oil and gas regulations.

Paul Stettner spoke in favor of tightening COGCC water quality rules for water quality monitoring and groundwater protection.

Public comments were closed at 12:10 p.m.

Lunch Break /Executive Session

Vice Chair Pearce moved to enter executive session to discuss matters identified in the agenda, which included the following:

- *COGCC v. City of Longmont*
- *City of Longmont charter amendment ballot initiative to ban hydraulic fracturing*

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Assistant Attorney General Jake Matter explained the basis for the Commission entering into 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.

The motion was seconded by Commissioner King and approved unanimously.

The Commission went into Executive Session during a working lunch at 12:13 p.m., to reconvene at 1:30 p.m.

The Commission reconvened at 1:30 p.m.

Vice Chair Pearce moved to return to open session. The motion was seconded by Commissioner Craig and approved unanimously.

Assistant Attorney General Jake Matter reported that the only matters discussed at the Executive Session were those mentioned above, and no decisions had been made.

Consent Agenda

Chairman Compton suggested that the Commission consider the matters in groups, as organized by Staff.

Group A

Chairman Compton asked if any Commissioners had a conflict of interest or recusals the item constituting Group A of the Consent Agenda. Vice Chair Pearce disclosed his employer, ConocoPhillips, was listed as applicant and that he was recusing himself, and would take no part in the discussions or deliberations on the application. No additional disclosures were reported.

Commissioner Alward moved for the approval of the Group A application of the Consent Agenda, as recommended by Staff, as follows:

Docket No. 1208-SP-86, Unnamed Field, Arapahoe County

Applicant: ConocoPhillips Company

Attorneys: J. Michael Morgan

Subject: Request for an order to establish three approximate 640-acre horizontal drilling and spacing units consisting of Sections 12, 14, Township 4 South, Range 64 West, 6th P.M., and approve up to two horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Comments: Continued from the August hearing.

The motion was seconded by Commissioner Craig and approved unanimously, with Commissioner Pearce abstaining.

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 such disclosures were made.

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Docket No. 1208-AW-13, Grand Valley Field, Garfield County

Applicant: Encana Oil & Gas (USA) Inc.

Attorneys: Jamie L. Jost & Elizabeth Y. Gallaway

Subject: Request for an order to approve the equivalent of one well per 10 acres for certain lands in various sections in Townships 4 through 6 South, Ranges 95 and 96 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Iles Formation.

Comments: Continued from the August hearing.

Docket No. 1207-SP-75, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost, Elizabeth Y. Gallaway & Matthew J. Lepore

Subject: Request for an order to establish an approximate 640-acre wellbore spacing unit consisting of certain lands in Sections 28 and 29, Township 6 North, Range 62 West, 6th P.M., to accommodate the Wells Ranch USX AE29-68 Well, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

Comments: Continued from the August hearing.

Docket No. 1207-SP-76, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost, Elizabeth Y. Gallaway & Matthew J. Lepore

Subject: Request for an order to establish an approximate 320-acre wellbore spacing unit consisting of certain lands in Sections 35 and 36, Township 6 North, Range 64 West, 6th P.M., for the Scholfield State A36-79HN Well within the unit, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

Comments: Continued from the August hearing.

Docket No. 1208-SP-92, Unnamed Field, Weld County

Applicant: Whiting Oil and Gas Corporation

Attorneys: Stephen J. Sullivan & Chelsey J. Russell

Subject: Request for an order to establish six approximate 960-acre drilling and spacing units consisting of certain lands in Township 10, Ranges 57 and 58 West, 6th P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Comments: Continued from the August hearing.

Docket No. 1208-SP-93, Sulphur Creek Field, Rio Blanco County

Applicant: WPX Energy Rocky Mountain, LLC

Attorneys: Kenneth A. Wonstolen, Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to establish two approximate 40-acre drilling and spacing units for certain lands in Section 23, Township 2 South, Range 98 West, 6th P.M., to accommodate the Federal RG 11-23-298 Well (API No. 05-103-11902) and the Federal RG 321-23-298 Well (API No. 05-103-11898), for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

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Comments: Continued from the August hearing.

Docket No. 1210-SP-95, Wattenberg Field, Weld County

Applicant: Bonanza Creek Energy Operating Company LLC
Attorneys: J. Michael Morgan

Subject: Request for an order to affirm Order Nos. 407-380 and 407-633 to apply to interested parties which were not provided notice of the initial hearing in these matters for lands in Section 18, Township 5 North, Range 61 West, 6th P.M., and Section 15, Township 5 North, Range 62 West 6th P.M. for the development and operation of the Niobrara Formation.

Docket No. 1210-SP-96, Wattenberg Field, Adams & Weld County

Applicant: Synergy Resources Corporation
Attorneys: Randall J. Feuerstein

Subject: Request for an order to vacate the approximate 320-acre drilling and spacing unit established by Order No. 232-1 for the S½ of Section 8, Township 4 North, Range 67 West, 6th P.M., and establish two approximate 160-acre drilling and spacing units consisting of certain lands in Section 8, Township 4 North, Range 67 West, 6th P.M. for the production of oil, gas and associated hydrocarbons from the J Sand Formation.

Docket No. 1210-SP-97, Unnamed Field, Weld County

Applicant: Condor Energy Technology LLC
Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to establish a 640-acre exploratory drilling and spacing unit consisting of Section 18, Township 7 North, Range 59 West, 6th P.M., and approve up to four horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1210-SP-99, Unnamed Field, Weld County

Applicant: Condor Energy Technology LLC
Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to vacate an existing 640-acre drilling and spacing unit established by Order No. 535-144 for Section 19, Township 7 North, range 59 West, 6th P.M. and establish one approximate 1280-acre exploratory drilling and spacing unit, consisting of Sections 19 and 20, Township 7 North, Range 59 West, 6th P.M., and allow eight horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1210-SP-100, Unnamed Field, Weld County

Applicant: Condor Energy Technology LLC
Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to establish an approximate 640-acre exploratory drilling and spacing unit consisting of lands in Section 23, Township 7 North, Range 60 West, 6th P.M., and authorizing four horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1208-UP-205, Wattenberg Field, Weld County

Applicant: Bonanza Creek Energy Operating Co. LLC

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Attorney: J. Michael Morgan

Subject: Request for an order to confirm an approximate 320-acre designated horizontal wellbore spacing unit, consisting of the W½ of Section 24, Township 5 North, Range 63 West, 6th P.M., and approve one horizontal well within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Comments: Continued from the August hearing.

Docket No. 1208-UP-206, Wattenberg Field, Weld County

Applicant: Bonanza Creek Energy Operating Co. LLC
Attorney: J. Michael Morgan

Subject: Request for an order to confirm an approximate 40-acre designated wellbore spacing unit consisting of the SE¼ NE¼ of Section 34, Township 5 North, Range 63 West, 6th P.M., and approve one well within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

Comments: Continued from the August hearing.

Docket No. 1208-UP-211, Orchard Field, Morgan County

Applicant: Esenjay Operating, Inc.
Attorney: Fabrianna Venaducci

Subject: Request for an order to establish an approximate 80-acre drilling and spacing unit consisting of the NE¼ SW¼, NW¼ SE¼ of Section 2, Township 4 North, Range 60 West, 6th P.M., approve up to two directional wells and pool all interests within said unit to accommodate the Jones 2-12-4-60 Well, for the development and operation of all formations from the surface to the base of the "J" Sand Formation.

Comments: Continued from the August hearing.

Docket No. 1208-UP-216, Unnamed Field, Weld County

Applicant: Kerr-McGee Oil & Gas Onshore LP
Attorneys: Jamie L. Jost & Elizabeth Y. Gallaway

Subject: Request for an order to modify Order No. 407-593 to vacate the pooled unit for Camp 9N-30HZ Well (API No. 05-123-35257); and pool all interests in a modified approximate 360-acre wellbore spacing unit consisting of certain lands in various sections in Township 3 North, Range 65 West, 6th P.M., to accommodate the above mentioned well, for the development and operation of the Niobrara Formation.

Comments: Continued from the August hearing.

Docket No. 1208-UP-230, Wattenberg Field, Weld County

Applicant: PDC Energy, Inc.
Attorneys: Jamie L. Jost & Kenneth A. Wonstolen

Subject: Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, established for certain lands in Sections 24, Township 3 North, Range 64 West, 6th P.M., for the development and operation of the Codell & Niobrara Formation.

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Comments: Applicant amended the application to correct the application lands and renoticed. Continued from the August hearing.

Docket No. 1208-UP-235, Sulphur Creek Field, Rio Blanco County

Applicant: WPX Energy Rocky Mountain, LLC

Attorneys: Kenneth A. Wonstolen, Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interests in two approximate 40-acre drilling and spacing units, established for certain lands in Section 23, Township 2 South, Range 98 West, 6th P.M., for the development and operation of the Williams Fork and Iles Formations.

Comments: Continued from the August hearing.

Docket No. 1210-UP-236, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost, Theresa M. Sauer & Elizabeth Y. Gallaway

Subject: Request for an order to pool all interests within a designated approximate 320-acre wellbore spacing unit consisting of the S½ of Section 25, Township 3 North, Range 65 West, 6th P.M., for the drilling of the Dechant H25-64-1HN Well (API No. 05-123-35380), for the development and operation of the Niobrara Formation.

Docket No. 1210-UP-237, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost, Theresa M. Sauer & Elizabeth Y. Gallaway

Subject: Request for an order to pool all interests within a designated approximate 320-acre wellbore spacing unit consisting of the W2 of Section 16, Township 2 North, Range 67 West, 6th P.M., for the drilling of the Abbey State V16-77HN Well (API No. 05-123-34631) for the development and operation of the Niobrara Formation.

Docket No. 1210-UP-238, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost, Theresa M. Sauer & Elizabeth Y. Gallaway

Subject: Request for an order to pool all interests within an approximate established 640-acre drilling and spacing unit consisting of Section 14, Township 9 North, Range 58 West, 6th P.M., for the drilling of the Castor Federal LD14-68HN Well (API No. 05-123-33493) for the development and operation of the Niobrara Formation.

Docket No. 1210-UP-239, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost & Elizabeth Y. Gallaway

Subject: Request for an order to pool all interests within two designated approximate 160-acre wellbore spacing units consisting of certain lands in Township 3 North, Range 65 West, 6th P.M., for the Stroh PC H12-30D Well (API No. 05-123-34992) and the Stroh PC H12-31D Well (API No. 05-123-34990) for the development and operation of the Codell-Niobrara Formation.

Docket No. 1210-UP-240, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost, Theresa M. Sauer & Elizabeth Y. Gallaway

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Subject: Request for an order to pool all interests within eight designated approximate 320-acre wellbore spacing units consisting of certain lands in Sections 7, 18 and 19, Township 6 North, Range 62 West, 6th P.M. for the drilling of various wells for the development and operation of the Niobrara Formation.

Docket No. 1210-UP-241, Wattenberg Field, Weld County

Applicant: Condor Energy Technology LLC

Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interests within an exploratory 640-acre drilling and spacing unit consisting of Section 18, Township 7 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

Comments: Concurrent with 1210-SP-97

Docket No. 1210-UP-243, Unnamed Field, Weld County

Applicant: Condor Energy Technology LLC

Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interests within an exploratory 640-acre drilling and spacing unit consisting of Section 23, Township 7 North, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Comments: Concurrent with 1210-SP-100

Docket No. 1210-UP-244, Wattenberg Field, Weld County

Applicant: Marathon Oil and Gas Company

Attorneys: Scott M. Campbell & Jeremy I. Ferrin

Subject: Request for an order to pool all nonconsenting interests in an approximate 1280-acre drilling and spacing unit consisting of Sections 24 and 25, Township 7 North, Range 62 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1210-UP-246, Wattenberg Field, Weld County

Applicant: PDC Energy, Inc.

Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interested in an approximate 160-acre designated wellbore spacing unit established for certain lands in Section 16, Township 5 North, Range 67 West, 6th P.M., for the development and operation of the Codell and/or Niobrara Formations.

Docket No. 1210-UP-247, Wattenberg Field, Weld County

Applicant: PDC Energy, Inc.

Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit established for certain lands in Sections 6 and 7, Township 6 North, Range 66 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

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Docket No. 1210-UP-248, Wattenberg Field, Weld County

Applicant: PDC Energy, Inc.

Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit, consisting of the S½ of Section 19, Township 7 North, Range 66 West, 6th P.M., for the development and operation of the Codell and/or Niobrara Formations.

Docket No. 1210-UP-249, Wattenberg Field, Weld County

Applicant: PDC Energy, Inc.

Attorneys: Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Section 7, Township 5 North, Range 67 West, 6th P.M., for the development and operation of the Codell and/or Niobrara Formations.

Docket No. 1210-UP-250, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit consisting of the E½ of Section 21, Township 6 North, Range 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1210-UP-252, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an approximate 480-acre designated wellbore spacing unit consisting of certain lands in Sections 27 and 28, Township 6 North, Range 65 West, 6th P.M., to accommodate the drilling of the Five M E28-67HN Well, for the development and operation of the Niobrara Formation.

Docket No. 1210-UP-253, Wattenberg Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an approximate 480-acre designated wellbore spacing unit consisting of certain lands in Sections 21, 22 27 and 28, Township 6 North, Range 65 West, 6th P.M., to accommodate the drilling of the Five M E28-69HN Well, for the development and operation of the Niobrara Formation.

Comments: Due to issue with Notice, seeks Conditional Approval until October 31, 2012

Docket No. 1210-UP-254, Grande Valley Field, Garfield County

Applicant: WPX Energy Rocky Mountain, LLC

Attorneys: Gretchen VanderWerf

Subject: Request for an order to pool all interests in an approximate 320-acre drilling and spacing unit, consisting of the E½ of Section 12, Township 7 South, Range 96 West,

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6th P.M., for the drilling of the GM 441-12 Well, for the development and operation of the Williams Fork and Iles Formations of the Mesaverde Group.

Docket No. 1210-UP-255, Unnamed Field, Weld County

Applicant: Noble Energy, Inc.

Attorneys: Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an approximate 695.46-acre drilling and spacing unit consisting of Section 3, Township 8 North, Range 59 West, 6th P.M., for the drilling of McClellan PC LG03-78HN Well, for the development and operation of the Niobrara Formation.

Vice Chair Pearce moved for the approval of all Group B applications of the Consent Agenda, as recommended by Staff, as follows:

The motion was seconded by Commissioner Holton and approved unanimously.

Group C

Hearings Manager, Robert Frick stated that the application in Group C had been continued.

Docket No. 1210-GA-15, Ignacio-Blanco Field, La Plata County

Applicant: XTO Energy

Attorneys: Kenneth A. Wonstolen

Subject: Request for an order to amend Order No. 112-138 by adopting a revised plan of development and operation for the Fruitland Coal Seam Formation.

Comments: Continued to the November hearing.

Violation Hearing Matters

Docket No. 1208-OV-11 P&M Petroleum Management

Enforcement Officer, Peter Gowen explained that this matter had been considered at the August 20, 2012 Commission meeting, and the Commission entered Order No. 1V-394, finding P&M Petroleum Management (P&M) in violation of Rule 706. In issuing Order 1V-394, the Commission deferred final decision on the fine to be assessed until the October 1, 2012 hearing. A requirement of Order 1V-394 was for P&M to bring its blanket bond into compliance by the end of September 2012.

Peter Gowen reported that staff had entered into a negotiated Administrative Order by Consent (AOC) with P&M setting the fine at \$5,000, subject to compliance with Order 1V-394 and approval of the AOC by the Commission. He further stated as of October 1, 2012, P&M had not brought its blanket bond into compliance with Rule 706. He also reported that P&M reported to him by email on September 28, 2012, that P&M had filed for Chapter 11 bankruptcy protection on September 25, 2012 (Case Number: 12-29883HRT).

He stated the staff's recommendation was to impose the maximum fine of \$10,000 and not to approve the AOC.

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Vice Chair Pearce moved to approve the proposed Order Finding Violation, and impose a \$10,000 fine against P&M. The motion was seconded by Commissioner Spielman, and approved unanimously.

General Hearing Matter

Cause No. 1R, Docket No. 1208-RM-02, Broomfield County Consideration of amendments to the Rule 100 Series (Definitions) and Rule 318A(I) and (II). of the Commission's Rules to define "horizontal well" and to permit greater flexibility in the creation of wellbore spacing units for purposes of drilling horizontal and infill wells in the portion of the City and County of Broomfield located within the Greater Wattenberg Area.

Director Lepore stated that the City and County of Broomfield (Broomfield) had requested a continuance in this matter. In exchange for agreeing to a continuation of this rulemaking, proceeding, Broomfield stipulated that it would agree to a Commission Order specifying that no further continuances would be granted in this matter.

Commissioner Pearce moved that this matter is continued to the November 15, 2012 Commission hearing, and that no further continuances will be granted in this matter. Commissioner Craig seconded the motion, which was passed unanimously.

Upcoming Hearing Dates

Director Lepore reported that three Commissioners indicated that they would not be available for the scheduled November 15, 2012 meeting. He also suggested that Commissioners anticipate a special December meeting for the setbacks and groundwater monitoring rulemaking hearings. He further suggested that Commissioners consider rescheduling the January 3-4, 2013 meeting to January 7-8, 2013 to accommodate possible holiday conflicts. He indicated that staff would send inquiries to Commissioners for possible alternative dates for November, December and January 2013 meetings.

There was no further business before the Commission. The Commission expressed its appreciation to Routt County for hosting the meeting and to the local citizens who attended and participated in the meeting.

The meeting was adjourned.

Adjourned 2:15 p.m.

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The Secretary was therefore authorized to issue the following orders:

Order No. 535-203, Docket No. 1208-SP-86, Unnamed Field, Arapahoe County, Applicant: ConocoPhillips Company. Approves the request for an order to establish three approximate 640-acre horizontal drilling and spacing units consisting of Sections 12, 14, Township 4 South, Range 64 West, 6th P.M., and approve up to two horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 479-23 & 510-62, Docket No. 1208-AW-13, Grand Valley Field, Garfield County, Applicant: Encana Oil & Gas (USA) Inc. Approves the request for an order to approve the equivalent of one well per 10 acres for certain lands in various sections in Townships 4 through 6 South, Ranges 95 and 96 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Iles Formation.

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Order No. 407-705, Docket No. 1207-SP-75, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to establish an approximate 640-acre wellbore spacing unit consisting of certain lands in Sections 28 and 29, Township 6 North, Range 62 West, 6th P.M., to accommodate the Wells Ranch USX AE29-68 Well, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

Order No. 407-706, Docket No. 1207-SP-76, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to establish an approximate 320-acre wellbore spacing unit consisting of certain lands in Sections 35 and 36, Township 6 North, Range 64 West, 6th P.M., for the Scholfield State A36-79HN Well within the unit, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

Order No. 535-204, Docket No. 1208-SP-92, Unnamed Field, Weld County. Applicant: Whiting Oil and Gas Corporation. Approves the request for an order to establish six approximate 960-acre drilling and spacing units consisting of certain lands in Township 10, Ranges 57 and 58 West, 6th P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 527-10, Docket No. 1208-SP-93, Sulphur Creek Field, Rio Blanco County. Applicant: WPX Energy Rocky Mountain, LLC. Approves the request for an order to establish two approximate 40-acre drilling and spacing units for certain lands in Section 23, Township 2 South, Range 98 West, 6th P.M., to accommodate the Federal RG 11-23-298 Well (API No. 05-103-11902) and the Federal RG 321-23-298 Well (API No. 05-103-11898), for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

Order No. 407-711, Docket No. 1210-SP-95, Wattenberg Field, Weld County. Applicant: Bonanza Creek Energy Operating Company LLC. Affirms Order Nos. 407-380 and 407-633 to apply to interested parties which were not provided notice of the initial hearing in these matters for lands in Section 18, Township 5 North, Range 61 West, 6th P.M., and Section 15, Township 5 North, Range 62 West 6th P.M. for the development and operation of the Niobrara Formation.

Order No. 232-345, Docket No. 1210-SP-96, Wattenberg Field, Adams & Weld County. Applicant: Synergy Resources Corporation. Approves the request for an order to vacate the approximate 320-acre drilling and spacing unit established by Order No. 232-1 for the S½ of Section 8, Township 4 North, Range 67 West, 6th P.M., and establish two approximate 160-acre drilling and spacing units consisting of certain lands in Section 8, Township 4 North, Range 67 West, 6th P.M. for the production of oil, gas and associated hydrocarbons from the J Sand Formation.

Order No. 535-205, Docket No. 1210-SP-97, Unnamed Field, Weld County. Applicant: Condor Energy Technology LLC. Approves the request for an order to establish a 640-acre exploratory drilling and spacing unit consisting of Section 18, Township 7 North, Range 59 West, 6th P.M., and approve up to four horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-206, Docket No. 1210-SP-99, Unnamed Field, Weld County. Applicant: Condor Energy Technology LLC. Approves the request for an order to vacate an existing 640-acre drilling and spacing unit established by Order No. 535-144 for Section 19, Township 7 North, range 59 West, 6th P.M. and establish one approximate 1280-acre exploratory drilling and spacing unit, consisting of Sections 19 and 20, Township 7 North, Range 59 West, 6th P.M., and allow eight horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

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Order No. 535-207, Docket No. 1210-SP-100, Unnamed Field, Weld County. Applicant: Condor Energy Technology LLC. Approves the request for an order to establish an approximate 640-acre exploratory drilling and spacing unit consisting of lands in Section 23, Township 7 North, Range 60 West, 6th P.M., and authorizing four horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 407-707, Docket No. 1208-UP-205, Wattenberg Field, Weld County. Applicant: Bonanza Creek Energy Operating Co. LLC. Approves the request for an order to confirm an approximate 320-acre designated horizontal wellbore spacing unit, consisting of the W½ of Section 24, Township 5 North, Range 63 West, 6th P.M., and approve one horizontal well within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 407-708, Docket No. 1208-UP-206, Wattenberg Field, Weld County. Applicant: Bonanza Creek Energy Operating Co. LLC. Approves the request for an order to confirm an approximate 40-acre designated wellbore spacing unit consisting of the SE¼ NE¼ of Section 34, Township 5 North, Range 63 West, 6th P.M., and approve one well within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

Order No. 542-1, Docket No. 1208-UP-211, Orchard Field, Morgan County. Applicant: Esenjay Operating, Inc. Approves the request for an order to establish an approximate 80-acre drilling and spacing unit consisting of the NE¼ SW¼, NW¼ SE¼ of Section 2, Township 4 North, Range 60 West, 6th P.M., approve up to two directional wells and pool all interests within said unit to accommodate the Jones 2-12-4-60 Well, for the development and operation of all formations from the surface to the base of the "J" Sand Formation.

Order No. 407-709, Docket No. 1208-UP-216, Unnamed Field, Weld County. Applicant: Kerr-McGee Oil & Gas Onshore LP. Approves the request for an order to modify Order No. 407-593 to vacate the pooled unit for Camp 9N-30HZ Well (API No. 05-123-35257); and pool all interests in a modified approximate 360-acre wellbore spacing unit consisting of certain lands in various sections in Township 3 North, Range 65 West, 6th P.M., to accommodate the above mentioned well, for the development and operation of the Niobrara Formation.

Order No. 407-710, Docket No. 1208-UP-230, Wattenberg Field, Weld County. Applicant: PDC Energy, Inc. Approves the request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, established for certain lands in Sections 24, Township 3 North, Range 64 West, 6th P.M., for the development and operation of the Codell & Niobrara Formation.

Order No. 527-11, Docket No. 1208-UP-235, Sulphur Creek Field, Rio Blanco County. Applicant: WPX Energy Rocky Mountain, LLC. Approves the request for an order to pool all interests in two approximate 40-acre drilling and spacing units, established for certain lands in Section 23, Township 2 South, Range 98 West, 6th P.M., for the development and operation of the Williams Fork and Iles Formations.

Order Co. 407-712, Docket No. 1210-UP-236, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests within a designated approximate 320-acre wellbore spacing unit consisting of the S½ of Section 25, Township 3 North, Range 65 West, 6th P.M., for the drilling of the Dechant H25-64-1HN Well (API No. 05-123-35380), for the development and operation of the Niobrara Formation.

Order No. 407-713, Docket No. 1210-UP-237, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests within a designated approximate 320-acre wellbore spacing unit consisting of the W2 of Section 16, Township 2 North,

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Range 67 West, 6th P.M., for the drilling of the Abbey State V16-77HN Well (API No. 05-123-34631) for the development and operation of the Niobrara Formation.

Order No. 535-208, Docket No. 1210-UP-238, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests within an approximate established 640-acre drilling and spacing unit consisting of Section 14, Township 9 North, Range 58 West, 6th P.M., for the drilling of the Castor Federal LD14-68HN Well (API No. 05-123-33493) for the development and operation of the Niobrara Formation.

Order No. 407-714, Docket No. 1210-UP-239, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests within two designated approximate 160-acre wellbore spacing units consisting of certain lands in Township 3 North, Range 65 West, 6th P.M., for the Stroh PC H12-30D Well (API No. 05-123-34992) and the Stroh PC H12-31D Well (API No. 05-123-34990) for the development and operation of the Codell-Niobrara Formation.

Order No. 407-715, Docket No. 1210-UP-240, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests within eight designated approximate 320-acre wellbore spacing units consisting of certain lands in Sections 7, 18 and 19, Township 6 North, Range 62 West, 6th P.M. for the drilling of various wells for the development and operation of the Niobrara Formation.

Order No. 535-209, Docket No. 1210-UP-241, Wattenberg Field, Weld County. Applicant: Condor Energy Technology LLC. Approves the request for an order to pool all interests within an exploratory 640-acre drilling and spacing unit consisting of Section 18, Township 7 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 535-210, Docket No. 1210-UP-243, Unnamed Field, Weld County. Applicant: Condor Energy Technology LLC. Approves the request for an order to pool all interests within an exploratory 640-acre drilling and spacing unit consisting of Section 23, Township 7 North, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 407-716, Docket No. 1210-UP-244, Wattenberg Field, Weld County. Applicant: Marathon Oil and Gas Company. Approves the request for an order to pool all nonconsenting interests in an approximate 1280-acre drilling and spacing unit consisting of Sections 24 and 25, Township 7 North, Range 62 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 407-717, Docket No. 1210-UP-246, Wattenberg Field, Weld County. Applicant: PDC Energy, Inc. Approves the request for an order to pool all interested in an approximate 160-acre designated wellbore spacing unit established for certain lands in Section 16, Township 5 North, Range 67 West, 6th P.M., for the development and operation of the Codell and/or Niobrara Formations.

Order No. 407-718, Docket No. 1210-UP-247, Wattenberg Field, Weld County. Applicant: PDC Energy, Inc. Approves the request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit established for certain lands in Sections 6 and 7, Township 6 North, Range 66 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Order No. 407-719, Docket No. 1210-UP-248, Wattenberg Field, Weld County. Applicant: PDC Energy, Inc. Approves the request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit, consisting of the S½ of Section 19, Township 7 North,

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Range 66 West, 6th P.M., for the development and operation of the Codell and/or Niobrara Formations.

Order No. 407-720, Docket No. 1210-UP-249, Wattenberg Field, Weld County. Applicant: PDC Energy, Inc. Approves the request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit, consisting of certain lands in Section 7, Township 5 North, Range 67 West, 6th P.M., for the development and operation of the Codell and/or Niobrara Formations.

Order No. 407-721, Docket No. 1210-UP-250, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests in an approximate 320-acre designated wellbore spacing unit consisting of the E½ of Section 21, Township 6 North, Range 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 407-722, Docket No. 1210-UP-252, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests in an approximate 480-acre designated wellbore spacing unit consisting of certain lands in Sections 27 and 28, Township 6 North, Range 65 West, 6th P.M., to accommodate the drilling of the Five M E28-67HN Well, for the development and operation of the Niobrara Formation.

Order No. 407-723, Docket No. 1210-UP-253, Wattenberg Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests in an approximate 480-acre designated wellbore spacing unit consisting of certain lands in Sections 21, 22, 27 and 28, Township 6 North, Range 65 West, 6th P.M., to accommodate the drilling of the Five M E28-69HN Well, for the development and operation of the Niobrara Formation.

Order No. 479-24, Docket No. 1210-UP-254, Grande Valley Field, Garfield County. Applicant: WPX Energy Rocky Mountain, LLC. Approves the request for an order to pool all interests in an approximate 320-acre drilling and spacing unit, consisting of the E½ of Section 12, Township 7 South, Range 96 West, 6th P.M., for the drilling of the GM 441-12 Well, for the development and operation of the Williams Fork and Iles Formations of the Mesaverde Group.

Order No. 535-211, Docket No. 1210-UP-255, Unnamed Field, Weld County. Applicant: Noble Energy, Inc. Approves the request for an order to pool all interests in an approximate 695.46-acre drilling and spacing unit consisting of Section 3, Township 8 North, Range 59 West, 6th P.M., for the drilling of McClellan PC LG03-78HN Well, for the development and operation of the Niobrara Formation.

FOR THE COLORADO OIL AND GAS
CONSERVATION COMMISSION

Robert J. Frick, Secretary

Approved:

Tom Compton, Chair