November 15, 2012

The Oil and Gas Conservation Commission ("COGCC") met on November 15, 2012, at the offices of the COGCC, 1120 Lincoln Street, Suite 801, Denver, Colorado.

# **Roll Call of Commissioners:**

Present:

Tom Compton	Chairman
Perry Pearce	Vice-Chairman
John Benton	Commissioner
Tommy Holton	Commissioner
Mike King	Commissioner
Andrew Spielman	Commissioner
Chris Urbina	Commissioner
Deann Craig	Commissioner
Matt Lepore	Director
Jake Matter	Assistant Attorney General
Robert J. Frick	Hearings Manager

Absent:

Richard D. Alward Commissioner

## Approval of Proceedings:

The minutes of the October 1, 2012 hearing were approved.

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

The DNR Executive Director's Report was not captured on the hearing audio.

# Director's Report:

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

- Jim Milne was named Environmental Manager.
- The Financial Assurance, Information Processing and Permitting Supervisors have conducted three industry training sessions this hearing cycle. The training materials are on the COGCC website.
- Local Government Liaison's, Marc Morton and Nancy Prince, have been very busy with ongoing government outreach, providing assistance to over 20 specific counties, municipalities, and special district LGDs. Additionally technical staff has participated in approximately eight public outreach / public engagement events in this hearing cycle.
- COGCC Budgeting Staff, Wendy Schultz, provided information on expenditures for a Special Environmental Protection and Mitigation Studies Line Item, showing total expenditures for FY 2011-12 of \$119,759.
- Order 535-4 contained language that could be misleading or interpreted in a manner inconsistent with COGCC Rule, specifically the Greater Wattenberg Area Rule, 318A. Director Lepore wanted to make the Commission aware of the ongoing issue.
- Thom Kerr, COGCC Permit Manager, briefed the Commission on recent Permit Activity. 50% of horizontal wells spud have been place in production. There were two wells within 350 feet from a residence. Surface owners consented to the surface locations. There was an increase in permits for Injection Wells, due to the need to dispose of produced water.

The active well count jumped to approximately 49,000 active wells. Field Inspection Staff have been active updating field inspection reports

- Margaret Ash updated the Commission on the contract inspector hired by Gunnison County pursuant to the MOU between the COGCC and Gunnison County.
- Northwest Colorado Oil and Gas Forum: The next meeting of the Northwest Colorado Oil and Gas Forum is scheduled for September 6, 2012, at 10:00 a.m. at the Colorado Mountain College, West Garfield Campus, 3695 Airport Road, Rifle, CO 81650. COGCC Staff expected to attend include Matt Lepore, Chris Canfield, Linda Spry O'Rourke, and Marc Morton.
- There were six variances approved by the Director since the last Commission hearing.

## Commissioner Comments:

None

## Public Comments:

• None

## Consent Agenda

With 42 matters listed for the Consent Agenda, Chairman Compton suggested that the Commission consider the matters in six groups, as organized by Staff.

## Group A

Hearings Manager Bob Frick notified the Commission that Docket No. 1102-SP-07 (Order 535-4 Correction) was continued to January by Commission Staff.

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 conflicts were raised.

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

Docket No.	1210-GA-15, Ignacio-Blanco Field, La Plata County
Applicant:	XTO Energy
Attorney:	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 from the October hearing.

Docket No. 1211-SP-105, Hereford Field, Weld County	
Applicant:	Mull Drilling Company, Inc.
Attorneys:	Jamie L. Jost & Elizabeth Y. Gallaway

Subject: Request for an order to vacate the 80-acre drilling and spacing units, consisting of Sections 18 and 19 of Township 16 South, Range 44 West, 6th P.M., and Sections 1, 13, 14, 23 and 24 of Township 16 South, Range 45 West, 6th P.M., established by Commission Orders 214-1 and 214-3, and apply 318.a. to the lands, for the Mississippian Formation.

Docket No.	1211-SP-147, Unnamed Field, Weld County
Applicant:	Carrizo Oil & Gas, Inc.
Attorneys:	Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order Nos. 535-3 and 535-69; and establish an approximate 1280-acre drilling and spacing unit consisting of Sections 29 and 32, Township 8 North, Range 61 West, 6th P.M., and approve up to two horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Benton 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 potential conflicts were raised.

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

Docket No. 1211-EX-25, Grand Valley Field, Garfield County		
Applicant:	WPX Energy Rocky Mountain, LLC	
Attorney:	Robert A. Willis	

Subject: Request for an order approving an exception location for the Williams GM 701-4 HN1 Well (API No. 05-045-21487), which authorizes the completion and production of the treated interval of the wellbore no closer than 300 feet from any lease line, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Holton 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. No potential conflicts were raised.

In Docket No. 1207-UP-178, Jamie Jost, attorney for Investment Equipment, walked the Commission through the corrections to the draft order.

In Docket No. 1210-UP-256, Elizabeth Galloway, attorney for Kerr-McGee, explained Exhibit 5 to the Commission. Anadarko waived the notice requirements as an interested party.

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

Docket No. 1207-UP-178, Moose Field, Logan County		
Applicant:	Investment Equipment LLC	
Attorney:	Jamie L. Jost	

Subject: Request for an order to unitize an approximate 420-acre enhanced recovery and operations unit consisting of certain lands in Sections 9 and 10, Township 6 North, Range 52 West, 6th P.M., for the Colorado 4-10 Well (API No. 05-075-09290) and the Colorado 1-10 Well (API No. 05-075-09264), for the production of oil, gas and associated hydrocarbons from the "D" Sand Formation, for enhanced recovery and operations of the "D" Sand Formation.

Comments: Comments: Continued from a previous hearing.

Docket No. 1208-UP-208, Unnamed Field, Weld CountyApplicant:Carrizo Oil & Gas, Inc.Attorneys:Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to pool all interests in an established approximate 640acre drilling and spacing unit consisting of Section 20, Township 9, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Protested by: McElvain Energy Fund 2010, LLC Representative: David W. Siple, Vice President-Land

Comments: Continued from a previous hearing.

Docket No. 1	210-UP-242, Unnamed Field, Weld County
Applicant:	Condor Energy Technology LLC
Attorneys:	Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to vacate the 640-acre drilling and spacing unit established in Order No. 535-152, and pool all interests in an approximate 1280-acre exploratory drilling and spacing unit consisting of Sections 19 and 20, Township 7 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

Comments: Continued from the October hearing.

Docket No. 1210-UP-256, Unnamed Field, Weld County

Applicant:	Noble Energy, Inc.
Attorneys:	Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to modify Order No. 407-543 to add the Niobrara Formation to the order, and to pool all interests within a approximate 320-acre designated wellbore spacing unit consisting of the  $E^{1/2}$  of Section 25, Township 3 North, Range 66 West, 6th P.M., for the development and operation of the Niobrara Formation.

Comments: Continued from the October hearing.

Docket No. 1211-UP-257, Unnamed Field, Weld CountyApplicant:Noble Energy, Inc.Attorneys:Jamie L. Jost & Theresa M. Sauer

Subject: Request for an order to pool all interests within an approximate 640-acre drilling and spacing unit consisting of Section 12, Township 9 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-259, 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 396.55-acre wellbore spacing unit consisting of certain lands in Sections 11 through 14, Township 4 North, Range 64 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-260, Wattenberg Field, Weld County

Applicant:	Noble Energy, Inc.
Attorneys:	Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in two approximate 160-acre designated wellbore spacing units consisting of certain lands in Sections 19, 30, 24 and 25 of Townships 3 North, Ranges 64 and 65 West, 6th P.M., for the development and operation of the Codell-Niobrara Formation.

Docket No. 1211-UP-261, Wattenberg Field, Weld CountyApplicant:Kerr-McGee Oil & Gas Onshore LPAttorneys: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 5 through 8, Township 2 North, Range 65 West, 6th P.M., for the development and operation of the Codell Formation.

Docket No. 1211-UP-262, Wattenberg Field, Weld CountyApplicant:PDC Energy, Inc.Attorneys:Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Sections 1 and 2, Township 6 North, Range 66 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Docket No.	1211-UP-263, Wattenberg Field, Weld County
Applicant:	PDC Energy, Inc.
Attorneys:	Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Sections 21 and 28, Township 4 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Docket No. 1211-UP-264, Unnamed Field, Weld County		
Applicant:	Bill Barrett Corporation	
Attorney:	Robert A. Willis	

Subject: Request for an order to establish an approximate 640-acre drilling and spacing unit consisting of Section 9, Township 7 North, Range 62 West, 6th P.M., and approve up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1211-UP-266, Unnamed Field, Weld CountyApplicant:Noble Energy, Inc.Attorneys:Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an established approximate 640acre drilling and spacing unit consisting of Section 28, Township 9 North, Range 59 West 6th P.M., for the development and operation of the Niobrara Formation.

Docket No.	211-UP-267, Unnamed Field, Weld County
Applicant:	Noble Energy, Inc.
Attorneys:	Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests within an established approximate 640-acre drilling and spacing unit consisting of Section 29, Township 9 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-268, Unnamed Field, Weld CountyApplicant:Noble Energy, Inc.Attorneys:Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an established approximate 640acre drilling and spacing unit consisting of Section 15, Township 8 North, Range 62 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-269, Hereford Field, Weld CountyApplicant:Marathon Oil CompanyAttorneys:Scott M. Campbell & Jeremy I. Ferrin

Subject: Request for an order to pool all nonconsenting interests within an approximate 640-acre drilling and spacing unit, established for Section 30, Township 7 North, Range 62 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-271, Wattenberg Field, Weld CountyApplicant: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 certain lands in Section 16, Township 4 North, Range 65 West, 6th P. M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-272, Wattenberg Field, Weld CountyApplicant:Noble Energy, Inc.Attorneys:Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests in an approximate 160-acre designated wellbore spacing unit consisting of certain lands in Section 3, Township 6 North, Range 65 West, 6th P.M., for the development and operation of the Codell-Niobrara Formation.

Docket No. 1211-UP-273, Wattenberg Field, Weld CountyApplicant: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 15, 16, 21 and 22, Township 4 North, Range 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-275, Wattenberg Field, Weld CountyApplicant:Kerr-McGee Oil & Gas Onshore LPAttorneys:Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests within each of four approximate 160 and 320-acre designated wellbore spacing units established consisting of certain lands in Section 4, Township 2 North, Range 65 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Docket No. 1211-UP-276, Wattenberg Field, Weld County	
Applicant:	Kerr-McGee Oil & Gas Onshore LP
Attorneys:	Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests within an approximate 400-acre designated wellbore spacing unit consisting of certain lands in Sections 3, 4, 9 and 10, Township 2 North, Range 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No.	1211-UP-283, Wattenberg Field, Weld County
Applicant:	Carrizo Oil and Gas, Inc.
Attorneys:	Kenneth A. Wonstolen & Elizabeth Gallaway

Subject: Request for an order to pool all interests in three approximate 320-acre designated wellbore spacing units consisting of certain lands in Sections 25 and 26, Township 7b North, range 63 West, 6th P.M., for the Carmichael 26M-223 Well (API No. 05-123-35113), the Carmichael 26R-203 Well (API No. 05-123-34709), and the Carmichael 26U-243 Well (API No. 05-123-35078), for the development and operation of the Codell and Niobrara Formations.

The motion was seconded by Commissioner Pearce and approved unanimously.

## Group D

Items in Group D were moved to General Hearing Matters. There were no remaining items in Group D.

# Group E

Hearings Manager Bob Frick notified the Commission that Docket No. 1211-AW-28 was pulled from the Consent Agenda and placed on the General Hearing Matters Agenda.

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group E of the Consent Agenda. No conflicts were reported.

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

Docket No. 1208-GA-11, Weld County	
Applicant:	City of Longmont
Attorney:	Eugene Mei

Subject: Request for an order to modify Order No. 1-94, to include the NE¼ NE¼, SE¼ NE¼ of Section 7, Township 2 North, Range 68 West, 6th P.M., as a Designated Outdoor Activity Area.

Docket No. 1208-GA-13, Weld County

Applicant:Union Reservoir Company & City of LongmontAttorney:Eugene Mei

Subject: Request for an order to designate the Union Reservoir Recreation Area, certain lands in Township 2 North, Range 68 West, 6th P.M., as a Designated Outdoor Activity Area.

Docket No. 1211-AW-23, Unnamed Field, Weld CountyApplicant:Continental Resources, Inc.Attorneys:Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to approve up to two horizontal wells within an approximate 1280-acre drilling and spacing unit consisting of Sections 2 and 11, Township 7 North, Range 60 West, 6th P. M., for the development and operation of the Niobrara Formation.

Docket No.	1211-AW-24, Unnamed Field, Weld County
Applicant:	Carrizo Oil and Gas, Inc.
Attorneys:	Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to approve up to two horizontal wells within each of two approximate 640-acre drilling and spacing units consisting of Section 2, Township 8 North, Range 61 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No.	1211-AW-25, Unnamed Field, Weld County
Applicant:	Carrizo Oil and Gas, Inc.
Attorneys:	Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to approve up to four horizontal wells within an approximate 640-acre drilling and spacing unit consisting of Section 3, Township 7 North,

Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1211-AW-26, Unnamed Field, Weld CountyApplicant:Carrizo Oil and Gas, Inc.Attorneys:Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to approve up to four horizontal wells within an approximate 640-acre drilling and spacing unit consisting of Section 36, Township 9 North, Range 59 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1211-AW-27, Unnamed Field, Weld CountyApplicant:Carrizo Oil and Gas, Inc.Attorneys:Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to approve up to three horizontal wells within an approximate 640-acre drilling and spacing unit consisting of Section 20, Township 9 North, Range 58 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1211-AW-29, Unnamed Field, Weld CountyApplicant:Carrizo Oil and Gas, Inc.Attorneys:Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to approve up to four horizontal wells within each of two approximate 640-acre drilling and spacing units consisting of Sections 33 and 34, Township 9 North, Range 58 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Holton and approved unanimously.

#### Group F

Docket No. 1210-GA-16, Buffalo Grass Field, Yuma CountyApplicant:Petron Development Company (Warren Resources #1 LLC & WalkerEnergy LLC)Kenneth A. Wonstolen

Subject: Request for an order requiring retroactive payment, with interest, under the Payment of Proceeds Act. C.R.S. §34-60-118.5., and in violation of Commission Rule 318B. against Augustus Energy Partners LLC., for operation of the Day 32-23 Well (API # 05-125-10723) located in the SW¼ NE¼ of Section 23, Township 4 North, Range 47 West, 6th P.M.

Comments: Continued from the October hearing.

Docket No. 1210-GA-16, Ken Wonstolen, attorney for Petron, informed the commission the matter was settled, therefore it was removed from the Consent Agenda. The matter was dismissed with prejudice by consent of both parties.

#### Group G

Group G were Violation Matters. Staff recommended approval of both AOC's. Director LePore asked the Commission to vote on each separately for the record.

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group G of the Consent Agenda. No disclosures were reported.

Commissioner Benton moved for the approval of Docket No. 1205-OV-04 of the Consent Agenda, as recommended by Staff:

Cause No. 1V, Docket No. 1205-OV-04, Washington County Staff Recommendation: Approval

Subject: Request for approval of an Administrative Order by Consent against *Beren Corporation*, in violation of Rules 324A, 902, 904, 906, and 907.

Comments: Continued from a previous hearing. Staff is requesting Commission approval for an AOC with Beren Corporation imposing a \$25,000 fine to resolve a NOAV issued January 17, 2012, for a spill occurring on November 27, 2011.

The motion was seconded by Commissioner Pearce and approved unanimously.

Commissioner Pearce moved for the approval of Docket No. 1207-OV-06 of the Consent Agenda, as recommended by Staff:

#### Cause No. 1V, Docket No. 1207-OV-06, Adams & Weld Counties Staff Recommendation: Approval

Subject: COGCC Staff requests that **Texas Tea** (Operator No. 87195), be found in violation of numerous Rules, for its operations at the Van Scoyk #1 Well (API No. 05-001-08516), located in the SE<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> of Section 22, Township 1 South, Range 67 West, 6th P.M., the Pace #2 Well (API No. 05-123-08720), located in the NW<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> of Section 17, Township 2 North, Range 67 West, 6th P.M., the Adams County #1 Well (API No. 05-001-08204), located in the SW<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub> of Section 14, Township 1 South, Range 67 West, 6th P.M., the Krogh #2 Well (API No. 05-001-08503), located in the NE<sup>1</sup>/<sub>4</sub> NE<sup>1</sup>/<sub>4</sub> of Section 14, Township 1 South, Range 67 West, 6th P.M., the Krogh #2 Well (API No. 05-001-08503), located in the NE<sup>1</sup>/<sub>4</sub> NE<sup>1</sup>/<sub>4</sub> of Section 14, Township 1 South, Range 67 West, 6th P.M., also violations associated to General Operations, and assessed an appropriate fine.

Comments: The Commission is requested to approve a negotiated AOC which assesses a \$110,000 fine, of which \$70,000 is suspended provided that the Operator make scheduled payments and otherwise perform all requirements of a Compliance Schedule attached to the AOC. Failure to comply with the Compliance Schedule will cause the suspended portion of the fine to become payable upon 30 days notice by staff. Failure to post the required bond on time may result in the operator losing its authority to conduct oil and gas operations in Colorado.

The motion was seconded by Commissioner Holton and approved unanimously.

In Docket No. 1211-AW-28, Ken Wonstolen, attorney for Carrizo, informed the Commission the protest was settled, therefore it was appropriate for the Consent Agenda.

Commissioner Benton moved for the approval of Docket No. 1211-AW-28 of the Consent Agenda, as recommended by Staff:

Docket No.	1211-AW-28, Unnamed Field, Weld County
Applicant:	Carrizo Oil and Gas, Inc.
Attorneys:	Kenneth A. Wonstolen & Elizabeth Y. Gallaway

Subject: Request for an order to approve up to four horizontal wells within each of three approximate 640-acre drilling and spacing units consisting of Sections 25, 26 and 35, Township 8 North, 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by:	Diversified Operating Corporation
Attorney:	Forrest W. Lewis

Protested by: Foundation Energy Management, LLC

Attorney: Stephen J. Sullivan

The motion was seconded by Commissioner Pearce and approved unanimously.

## **General Hearing Matters:**

Docket No. 1208-GA-14, Broomfield County		
Staff:	Robert J. Frick, Hearings Manager	
Applicant:	City & County of Broomfield	
	, , , , , , , , , , , , , , , , , , ,	
Attorney:	Tami Yellico	

Subject: Request for an order to establish two Oil and Gas Operation Areas, located at the Livingston Location and the Northern Location, within certain lands in Section 7, Township 1 South, Range 68 West, 6th P.M.

Comments: Continued from the August hearing to amend application.

Mr. Frick summarized the Application for the Commission. Mr. Wonstolen, attorney for the Operators, informed the Commission the OGOA's described in the original Application were resolved instead by private contract – of public record, between Broomfield and the Operators, through a surface use agreement. Broomfield and the Operators requested the Commission approve the Second Amended Application incorporating the surface use agreement in to the Order.

Commissioner Pearce moved for the approval of Docket No. 1208-GA-14, as recommended by Staff. The motion was seconded by Commissioner Craig and approved unanimously.

Docket No.	1102-GA-02, Larimer County
Staff:	Robert J. Frick, Hearings Manager

Applicant:Mike Sutak and Laura W. ChaseAttorney:Phillip D. Barber

Subject: On June 7, 2012, the Colorado Court of Appeals announced its ruling in Chase- Sutak v. COGCC, Colorado State Board of Land Commissioners, and Magpie Operating, Inc., Case No. 11CA1249. The Court of Appeals affirmed in part, reversed in part, and remanded the case for further findings by the COGCC.

Comments: Xref: 1003-GA-06, 1203-GA-01

Mr. Frick summarized the Application for the Commission. A hearing was held to address the instructions raised by the Colorado Court of Appeals. Upon completion of testimony, the Commission deliberated, but ultimately made no decision.

Commissioner Pearce made a motion to continue deliberations to the January 2013 hearing. The motion was seconded by Commissioner Craig and approved unanimously.

# Lunch Break /Executive Session:

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.

Commissioner Benton moved that the Commission enter Executive Session to discuss and receive legal advice on the following issues:

• COGCC v. City of Longmont

• City of Longmont charter amendment ballot initiative to ban hydraulic fracturing

The motion was seconded by Commissioner Urbina and approved unanimously. The Commission went into Executive Session at approximately 1:22 p.m., reconvening at 2:02 p.m.

# Violation Hearing Matters:

(Docket No. 1211-OV-12 was heard out of order, it was heard after Docket No. 1211-AW-28 and before Docket No. 1208-GA-14, with all parties present)

Cause No. 1V, Docket No. 1211-OV-12, Boulder CountyStaff:Peter Gowen, Enforcement OfficerStaff Recommendation: Approval of the AOC

Subject: COGCC Staff requests that *Encana Oil & Gas (USA) Inc* ("Encana") be found in violation of Rules 324.A.c., 805.a., 907.a.(1)., and 912.a. for its operations at the **Ross** 'G' Unit Well #1 (API No. 05-013-06116), located in the SE¼ NE¼ of Section 24, Township 2 North, Range 69 West, 6th P.M. Encana and the staff have agreed to an AOC to resolve these alleged violations with a fine of \$15,000.

Protested by: Rod Brueske Representative: Self

Comments: Staff requested Commission approval for an AOC with Encana, imposing a \$15,000 fine to resolve a NOAV issued May 1, 2012 in response to a citizen complaint, and an on-site inspection conducted on April 27, 2012. Mr. Brueske, the Complainant wants to address the Commission explaining he does not feel the fine is adequate.

Peter Gowen, COGCC Enforcement Officer, briefed the Commission on the procedural background in Docket No. 1211-OV-12. Staff recommended approval of the AOC.

Jake Matter, Assistant Attorney General for the COGCC, noted Mr. Brueski could ask for a hearing rather than accept the settlement

Director LePore recommended approval of the AOC, as the fine imposed was almost the maximum.

Mr. Gowen then briefed the Commission on the factual background of the matter, noting the maximum fine was \$16,000, and that Encana took immediate corrective actions to remediate the violations. Encana undertook an evaluation of the emissions control units, which were determined to be undersized for some tank batteries, and replaced the burners as appropriate.

Complainant Rod Brueske addressed the Commission. Mr. Brueske stated that he objected to the terms of the settlement, objecting to the fine agreed to between Commission staff and Encana as inadequate. Mr. Brueske asked for an Order Finding Violation hearing on the matter.

Jake Matter informed the Commission that the AOC was no longer before the Commission for consideration and noted Mr. Brueski needed to file a request for an OFV hearing pursuant to Rule 503.

Mr. Brueski requested the Commission look at increasing the statutory fines imposed by the Colorado Legislature, and incorporated into COGCC Rule 523.

Commissioner Pearce notified Mr. Brueske that he would be required to prosecute the case as the complainant, that the AOC was no longer before the Commission at Mr. Brueske's request, and that the Commission would take under advisement Mr. Brueske's request to increase fines pursuant to Rule 523.

Mr. Gowen noted, as a matter of fairness, a request for hearing under Rule 522.b.(4) required a complainant to file a request for a hearing no later than 45 days after receipt of the Director's letter.

Commissioner Pearce made a motion to extend the filing deadline for an OFV hearing to 45 days from November 15, 2012, seconded by Commissioner King. The motion was approved unanimously.

Docket Nos. 1207-OV-14 and 1210-OV-13 were heard out of order following the lunch break:

COGCC Enforcement Officer, Peter Gowen, briefed the Commission on the following two Violation Matters. Because the Operator had undertaken the required MIT's one day prior to the Commission hearing, Mr. Gowen requested the matters be continued to the January hearing. Phil Barber, attorney for Grynberg, agreed to the continuance.

#### Cause No. 1V, Docket No. 1210-OV-14, Moffat County Staff: Peter Gowen, Enforcement Officer

Subject: COGCC Staff requests that *Grynberg Petroleum CO.* be found in violation of various Rules for its operations at the Hiawatha State 4-3 Well (API No. 05-081-07313), located in the NE¼ SE¼ of Section 3, Township 11 North, Range 101 West, 6th P.M., and assessed a fine. Additionally, Grynberg should be ordered to complete abatement or corrective actions set forth in NOAV No. 200329114.

Comments: Continued from a previous hearing. The Commission will hear oral arguments on the briefs on the operator's motion to dismiss the enforcement action. The Commission is requested to rule on the motion. The case has been bifurcated such that only the motion to dismiss will be considered. Any hearing on the merits is deferred until the next Commission meeting after the Commission rules on the motion.

Cause No. 1V, Docket No. 1210-OV-13, Moffat County Staff: Peter Gowen, Enforcement Officer

Subject: **Grynberg Petroleum CO.** failed to comply with NOAV Nos. 200208886 and 200329351, or show meaningful progress toward compliance for the Chivington No. 1 Well (API No. 05-0081-05709), located in the SE<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> of Section 20, Township 12 North, Range 97 West, 6th P.M. COGCC Staff therefore requests that Grynberg be found in violation of Rule 326.b.(1) for its operations at the Chivington No. 1 Well and assessed an appropriate fine.

Comments: Staff is requesting an Order Finding Violation imposing a \$10,000 fine against Jack Grynberg DBA Grynberg Petroleum Company for a violation of Rule 326. This matter is contested and will require a hearing on the merits.

Commissioner Pearce made a motion to continue Docket Nos. 1207-OV-14 and 1207-OV-13 to the January hearing. The motion was seconded by Commissioner Holton and approved unanimously.

The Commission then called Docket No. 1208-RM-02:

<u>Cause No. 1R, Docket No. 1208-RM-02, Broomfield County</u> Staff: Thom Kerr, Permit/Technical Services Manager Staff Recommendation: Recommend approval of Rule Change.

Subject: The Oil and Gas Conservation Commission, on its own motion, will consider 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.

Comments: Continued from a previous hearing.

Thom Kerr summarized the matter for the Commission. Commissioner Benton moved for the approval of Docket No. 1208-RM-02, as recommended by Staff. The motion was seconded by Commissioner Urbina and approved unanimously.

The Commission then called Docket No. 1211-GA-19:

Docket No. 1211-GA-19, El Paso CountyStaff:Matt Lepore, DirectorStaff Recommendation:Recommend approval of MOU.

Applicant: COGCC and El Paso County

Subject: COGCC and El Paso County desire to enter into a Memorandum of Understanding to set forth the understanding between the parties in regard to water quality sampling and the COGCC's intention, pursuant to Commission Rule 305.d, to require water quality sampling pursuant to the Water Quality Sampling Program established by the COGCC, as a condition of approval for a Permit-to-Drill, Form 2, for any well located in El Paso County. However, if the Commission adopts statewide water sampling and monitoring (1211-RM-03), the MOU will not be necessary on its own terms.

Director LePore summarized the matter for the Commission. Diana May, El Paso LGD and Ken Wonstolen, attorney for COGA testified in support of the MOU. Commissioner Pearce moved for the approval of Docket No. 1211-GA-19, as recommended by Staff. The motion was seconded by Commissioner Holton and approved unanimously.

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

Adjourned at 2:34 p.m.

\_\_\_\_\_\_

The Secretary was therefore authorized to issue the following orders:

<u>Order No. 1-182 and 112-236, Docket No. 1210-GA-15, Ignacio-Blanco Field, La Plata County</u>. Applicant, XTO Energy. Approves the 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.

<u>Order No. 1-183, Docket No. 1210-GA-16, Buffalo Grass Field, Yuma County.</u> Applicant, Petron Development Company (Warren Resources #1 LLC & Walker Energy LLC). Request for an order requiring retroactive payment, with interest, under the Payment of Proceeds Act. C.R.S. §34-60-118.5., and in violation of Commission Rule 318B. against Augustus Energy Partners LLC., for operation of the Day 32-23 Well (API # 05-125-10723) located in the SW¼ NE¼ of Section 23, Township 4 North, Range 47 West, 6th P.M. The matter was dismissed with prejudice by consent of both parties.

<u>Order No. 214-7, Docket No. 1211-SP-105, Hereford Field, Weld County</u>. Applicant, Mull Drilling Company, Inc. Approves the request for an order to vacate the 80-acre drilling and spacing units, consisting of Sections 18 and 19 of Township 16 South, Range 44 West, 6th P.M., and Sections 1, 13, 14, 23 and 24 of Township 16 South, Range 45 West, 6th P.M., established by Commission Orders 214-1 and 214-3, and apply 318.a. to the lands, for the Mississippian Formation.

<u>Order No. 535-221, Docket No. 1211-SP-147, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil & Gas, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order Nos. 535-3 and 535-69; and establish an approximate 1280-acre drilling and spacing unit consisting of Sections 29 and 32, Township 8 North, Range 61 West, 6th P.M., and approve up to two horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 543-1, Docket No. 1211-EX-25, Grand Valley Field, Garfield County</u>. Applicant, WPX Energy Rocky Mountain, LLC. Approves the request for an exception location for the Williams GM 701-4 HN1 Well (API No. 05-045-21487), which authorizes the completion and production of the

treated interval of the wellbore no closer than 300 feet from any lease line, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 544-1, Docket No. 1207-UP-178, Moose Field, Logan County</u>. Applicant, Investment Equipment LLC. Approves the request for an order to unitize an approximate 420-acre enhanced recovery and operations unit consisting of certain lands in Sections 9 and 10, Township 6 North, Range 52 West, 6th P.M., for the Colorado 4-10 Well (API No. 05-075-09290) and the Colorado 1-10 Well (API No. 05-075-09264), for the production of oil, gas and associated hydrocarbons from the "D" Sand Formation, for enhanced recovery and operations of the "D" Sand Formation.

<u>Order No. 535-212, Docket No. 1208-UP-208, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil & Gas, Inc. Approves the request for an order to pool all interests in an established approximate 640-acre drilling and spacing unit consisting of Section 20, Township 9, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 535-213, Docket No. 1210-UP-242, Unnamed Field, Weld County</u>. Applicant, Condor Energy Technology LLC. Approves the request for an order to vacate the 640-acre drilling and spacing unit established in Order No. 535-152, and pool all interests in an approximate 1280-acre exploratory drilling and spacing unit consisting of Sections 19 and 20, Township 7 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-724, Docket No. 1210-UP-256, Unnamed Field, Weld County</u>. Applicant, Noble Energy, Inc. Approves the request for an order to modify Order No. 407-543 to add the Niobrara Formation to the order, and to pool all interests within a approximate 320-acre designated wellbore spacing unit consisting of the E½ of Section 25, Township 3 North, Range 66 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 535-222, Docket No. 1211-UP-257, Unnamed Field, Weld County</u>. Applicant, Noble Energy, Inc. Approves the request for an order to pool all interests within an approximate 640-acre drilling and spacing unit consisting of Section 12, Township 9 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-726, Docket No. 1211-UP-259, Wattenberg Field, Weld County</u>. Applicant, Noble Energy, Inc. Approves the request for an order to pool all interests in an approximate 396.55-acre wellbore spacing unit consisting of certain lands in Sections 11 through 14, Township 4 North, Range 64 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-727, Docket No. 1211-UP-260, Wattenberg Field, Weld County</u>. Applicant, Noble Energy, Inc. Approves the request for an order to pool all interests in two approximate 160-acre designated wellbore spacing units consisting of certain lands in Sections 19, 30, 24 and 25 of Townships 3 North, Ranges 64 and 65 West, 6th P.M., for the development and operation of the Codell-Niobrara Formation.

<u>Order No. 407-728, Docket No. 1211-UP-261, Wattenberg Field, Weld County</u>. Applicant, Kerr-McGee Oil & Gas Onshore LP. 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 5 through 8, Township 2 North, Range 65 West, 6th P.M., for the development and operation of the Codell Formation.

<u>Order No. 407-729, Docket No. 1211-UP-262, Wattenberg Field, Weld County</u>. 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 Sections 1 and 2, Township 6 North, Range 66 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

<u>Order No. 407-730, Docket No. 1211-UP-263, Wattenberg Field, Weld County</u>. 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 Sections 21 and 28, Township 4 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

<u>Order No. 407-731, Docket No, 1211-UP-264, Unnamed Field, Weld County</u>. Applicant, Bill Barrett Corporation. Approves the request for an order to establish an approximate 640-acre drilling and spacing unit consisting of Section 9, Township 7 North, Range 62 West, 6th P.M., and approve up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 535-223, Docket No. 1211-UP-266, Unnamed Field, Weld County</u>. Applicant, Noble Energy, Inc. Approves the request for an order to pool all interests in an established approximate 640-acre drilling and spacing unit consisting of Section 28, Township 9 North, Range 59 West 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 535-224, Docket No. 1211-UP-267, Unnamed Field, Weld County</u>. Applicant, Noble Energy, Inc. Approves the request for an order to pool all interests within an established approximate 640-acre drilling and spacing unit consisting of Section 29, Township 9 North, Range 59 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 535-225, Docket No. 1211-UP-268, Unnamed Field, Weld County</u>. Applicant, Noble Energy, Inc. Approves the request for an order to pool all interests in an established approximate 640-acre drilling and spacing unit consisting of Section 15, Township 8 North, Range 62 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-732, Docket No. 1211-UP-269, Hereford Field, Weld County</u>. Applicant, Marathon Oil Company. Approves the request for an order to pool all nonconsenting interests within an approximate 640-acre drilling and spacing unit, established for Section 30, Township 7 North, Range 62 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-733</u>, <u>Docket No. 1211-UP-271</u>, <u>Wattenberg Field</u>, <u>Weld County</u>. 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 certain lands in Section 16, Township 4 North, Range 65 West, 6th P. M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-734, Docket No. 1211-UP-272, Wattenberg Field, Weld County</u>. Applicant, Noble 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 3, Township 6 North, Range 65 West, 6th P.M., for the development and operation of the Codell-Niobrara Formation.

<u>Order No. 407-735, Docket No. 1211-UP-273, Wattenberg Field, Weld County</u>. 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 15, 16, 21 and 22, Township 4 North, Range 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-736, Docket No. 1211-UP-275, Wattenberg Field, Weld County</u>. Applicant, Kerr-McGee Oil & Gas Onshore LP. Approves the request for an order to pool all interests within each of four approximate 160 and 320-acre designated wellbore spacing units established consisting of certain lands in Section 4, Township 2 North, Range 65 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.</u>

<u>Order No. 407-737, Docket No. 1211-UP-276, Wattenberg Field, Weld County</u>. Applicant, Kerr-McGee Oil & Gas Onshore LP. Approves the request for an order to pool all interests within an approximate 400-acre designated wellbore spacing unit consisting of certain lands in Sections 3, 4, 9 and 10, Township 2 North, Range 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

<u>Order No. 407-738, Docket No. 1211-UP-283, Wattenberg Field, Weld County</u>. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to pool all interests in three approximate 320-acre designated wellbore spacing units consisting of certain lands in Sections 25 and 26, Township 7b North, range 63 West, 6th P.M., for the Carmichael 26M-223 Well (API No. 05-123-35113), the

Carmichael 26R-203 Well (API No. 05-123-34709), and the Carmichael 26U-243 Well (API No. 05-123-35078), for the development and operation of the Codell and Niobrara Formations.

<u>Order No. 407-725 and 535-214, Docket No. 1211-AW-23, Unnamed Field, Weld County</u>. Applicant, Continental Resources, Inc. Approves the request for an order to approve up to two horizontal wells within an approximate 1280-acre drilling and spacing unit consisting of Sections 2 and 11, Township 7 North, Range 60 West, 6th P. M., for the development and operation of the Niobrara Formation.

<u>Order No. 535-215, Docket No. 1211-AW-24, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to two horizontal wells within each of two approximate 640-acre drilling and spacing units consisting of Section 2, Township 8 North, Range 61 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 535-216, Docket No. 1211-AW-25, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to four horizontal wells within an approximate 640-acre drilling and spacing unit consisting of Section 3, Township 7 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 535-217, Docket No. 1211-AW-26, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to four horizontal wells within an approximate 640-acre drilling and spacing unit consisting of Section 36, Township 9 North, Range 59 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 535-218, Docket No. 1211-AW-27, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to three horizontal wells within an approximate 640-acre drilling and spacing unit consisting of Section 20, Township 9 North, Range 58 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 535-219, Docket No. 1211-AW-28, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to four horizontal wells within each of three approximate 640-acre drilling and spacing units consisting of Sections 25, 26 and 35, Township 8 North, 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 535-220, Docket No. 1211-AW-29, Unnamed Field, Weld County</u>. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to four horizontal wells within each of two approximate 640-acre drilling and spacing units consisting of Sections 33 and 34, Township 9 North, Range 58 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

<u>Order No. 1V-398, Docket No. 1205-OV-04, Washington County</u>. Applicant, COGCC Enforcement. Approves the request for an Administrative Order by Consent against **Beren Corporation**, in violation of Rules 324A, 902, 904, 906, and 907.

<u>Order No. 1V-397, Docket No. 1207-OV-06, Adams & Weld Counties</u>. Applicant, COGCC Enforcement. Approves the request that **Texas Tea** (Operator No. 87195), be found in violation of numerous Rules, for its operations at the Van Scoyk #1 Well (API No. 05-001-08516), located in the SE¼ SE¼ of Section 22, Township 1 South, Range 67 West, 6th P.M., the Pace #2 Well (API No. 05-123-08720), located in the NW¼ SE¼ of Section 17, Township 2 North, Range 67 West, 6th P.M., the Adams County #1 Well (API No. 05-001-08204), located in the SW¼ SW¼ of Section 14, Township 1 South, Range 67 West, 6th P.M., the Krogh #2 Well (API No. 05-001-08503), located in the NE¼ NE¼ of Section 14, Township 1 South, Range 67 West, 6th P.M., also violations associated to General Operations, and assessed an appropriate fine.

<u>Order No. 523-7, Docket No. 1208-GA-14, Broomfield County</u>. Applicant, COGCC Hearing Unit. Approves the request to approve the Second Amended Application with Conditions of Approval, within certain lands in Section 7, Township 1 South, Range 68 West, 6th P.M.

<u>Order No. 1R-115, Docket No. 1208-RM-02, Broomfield County</u>. Applicant, COGCC Technical Staff. Approves the request by the COGCC to make 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.

<u>COGCC-EI Paso County MOU, Docket No. 1211-GA-19, EI Paso County</u>. Applicant, COGCC and EI Paso County. Approves the request by COGCC and El Paso County to enter into a Memorandum of Understanding (MOU) to set forth the understanding between the parties in regard to water quality sampling and the COGCC's intention, pursuant to Commission Rule 305.d, to require water quality sampling pursuant to the Water Quality Sampling Program established by the COGCC, as a condition of approval for a Permit-to-Drill, Form 2, for any well located in El Paso County. However, if the Commission adopts statewide water sampling and monitoring (1211-RM-03), the MOU will not be necessary on its own terms.

FOR THE COLORADO OIL AND GAS CONSERVATION COMMISSION

Robert J. Frick, Secretary

Approved:

om Compton