

## **Exhibit B**

### **STATEMENT OF BASIS AND PURPOSE CAUSE NO. 1, DOCKET NO. 0508-RM-02**

#### **100 Series**

The 100 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to Definitions used in the Rules and Regulations.

The Statutory Authority for the promulgation of this rule is found in:

§34-60-105 (1), C.R.S., provides that “The commission has jurisdiction over all persons and property, public and private, necessary to enforce the provisions of this article, and has the power to make and enforce rules, regulations, and orders pursuant to this article, and to do whatever may reasonably be necessary to carry out the provisions of this article. ...”

**Add Drilling Window as a new definition.**

#### **200 Series**

The 200 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to general rules and regulations of the Commission.

The Statutory Authority for the promulgation of this rule is found in:

§34-60-105 (1), C.R.S., provides that “The commission has jurisdiction over all persons and property, public and private, necessary to enforce the provisions of this article, and has the power to make and enforce rules, regulations, and orders pursuant to this article, and to do

§34-60-106 (1)(b), C.R.S., provides that “The making and filing with the commission of copies of well logs, directional surveys, and reports on well location, drilling, and production; . . .”

**Add new Rule 215. which establishes minimum standards for the use of Global Positioning Systems (“GPS”) in the location of oil and gas operations.**

#### **300 Series**

The 300 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to Drilling, Development, Producing and Abandonment for oil, gas and disposal operations.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-105 (1), C.R.S., provides that “The commission has jurisdiction over all persons and property, public and private, necessary to enforce the provisions of this article, and has the power to make and enforce rules, regulations, and orders pursuant to this article, and to do whatever may reasonably be necessary to carry out the provisions of this article. ...”

§34-60-106 (1)(b), C.R.S., provides that “The making and filing with the commission of copies of well logs, directional surveys, and reports on well location, drilling, and production; . . .”

§34-60-106 (2)(a), C.R.S., provides that the commission has the authority to regulate “[t]he drilling, producing and plugging of wells and all other operations for the production of oil or gas; . . .”

§34-60-106 (2)(d), C.R.S., gives the commission authority to regulate “[o]il and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil or biological resource to the extent necessary to protect public health, safety, and welfare, in consideration of cost-effectiveness and technical feasibility.”

§34-60-106 (11), C.R.S., mandates the commission to “promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations.”

**Reorganize Rule 303.c. to include new requirements.**

**Add new Rule 303.c.(2) to require the reporting of well locations by latitude and longitude and to provide options for the method to collect these measurements.**

**Add Rule 303.c.(2)A. to allow operators to locate wells using GPS according to the standards established in new Rule 215.**

**Add Rule 303.c.(2)B. to require the use of professional land surveyors to locate wells when a well is less than eighty (80) feet from a Drilling Window boundary.**

**Reorganize Rule 303.c.(2)B.(1) thru (6) to describe the specific measurements that need to be included on the drawing depicting the well site location.**

**Delete from Rule 303.c.(18) the language requiring a map depicting the surface and mineral ownership in a two hundred (200) foot radius of the well site.**

**Add in Rule 308A. the requirement to submit the position of the well after drilling in latitude and longitude coordinates as specified in new Rule 215 on the Drilling Completion Report , Form 5.**

**Amend Rule 333.d.(2) to reflect the new GPS standards as defined in new Rule 215.**

### 800 Series

Rule 802. of the Rules and Regulations of the Oil and Gas Conservation Commission pertains to noise abatement.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-106 (2)(d), C.R.S., gives the commission authority to regulate “[o]il and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil or biological resource to the extent necessary to protect public health, safety, and welfare, in consideration of cost-effectiveness and technical feasibility.”

§34-60-106 (11), C.R.S., mandates the commission to “promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations.”

**Rewrite Rule 802. to change where noise is measured, allowable noise levels and to add clarifying language.**

**Amend Rule 802.a. to describe the goal of this rule.**

**Amend Rule 802.b. to include the manner of determining the type of land use of the surrounding area.**

**Amend Rule 802.c. to expand residential noise levels to include agricultural and rural land, and describe where and how noise shall be measured.**

**Add Rule 802.d. to allow for the measurement and mitigation of low frequency noise.**