

# STATE OF COLORADO

Bill Ritter, Jr., Governor  
Martha E. Rudolph, Executive Director

Dedicated to protecting and improving the health and environment of the people of Colorado

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Colorado Department  
of Public Health  
and Environment

March 12, 2010

Mr. David Neslin, Director COGCC  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203

Re: Colorado Department of Public Health and Environment (CDPHE) Consultation for the EnCana Oil and Gas (USA) Inc. proposed variance request to Rule 603.a.(1) Form 2A #2095488 in San Miguel County

Dear Mr. Neslin:

This letter describes CDPHE's decision to recommend that the COGCC grant the request for a variance to COGCC Rule 603.a.(1) submitted by EnCana Oil and Gas (USA) Inc. This rule establishes setback for drilling and well serving operations, stating that "at the time of initial drilling of the well, the wellhead shall be located a distance of one hundred and fifty (150) feet or one and one half (1-1/2) times the height of the derrick, whichever is greater, from a building unit, public road, major above utility or railroad."

Facts learned during the consultation include:

- EnCana Oil and Gas (USA) Inc. is requesting approval to locate a drilling rig with a derrick height a maximum of 140 feet within 144 feet from a public road;
- The San Miguel County Road and Bridge Department has granted a waiver to the proposed well location;
- During a telephone discussion with Mike Horner, San Miguel Road and Bridge Department, he stated that his reason for approving the waiver was that "99% of the traffic on County Road R25 is due to oil and gas operations and the borrow ditch and shoulder of the road would offer additional protection if the derrick was to fall;" and
- CDPHE has verified that there are no building units within 150 feet of this location.

In view of the foregoing, CDPHE believes that granting this variance will result in adequate protection of the public health, safety, welfare and environment. CDPHE reserves the right to consult on any future variance requests from rules this agency may consult on (pursuant to COGCC Rule 306) within this location. If you have questions regarding this recommendation or discussion would be helpful, please contact me at (303) 692-3662.

Sincerely,

Kent Kuster  
Oil and Gas Consultation Coordinator  
CDPHE

ec: Jeff Lawrence, Director CPD, CDPHE  
Kate Fay, Energy Manager, CDPHE  
Michael Rozycki, LGD, San Miguel County  
Jill Cooper, Environmental Manager, EnCana Oil and Gas (USA) Inc.