

STATE OF COLORADO

Bill Ritter, Jr., Governor
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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

July 12, 2010

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

Re: Colorado Department of Public Health and Environment (CDPHE) Consultation for the Petroleum Development Corporation Form 2A #400057712 in Weld County proposed variance request to COGCC Rules 603.e.(2) "Setbacks from Well Heads" and 603.b. "High Density Area Rules for Building Units"

Dear Mr. Neslin:

This letter describes CDPHE's decision to recommend that the COGCC grant the request for a variance to COGCC Rule 603.e.(2) and to Rule 603.b. submitted by Petroleum Development Corporation (PDC) for the location of a multi-well pad named Ryland-Marostica. PDC's proposed project includes fifteen (15) wells on a single well pad, in a "high density area", as defined in COGCC rules located in Section 21, Township 4N, Range 67W.

PDC is requesting a variance from Rule 603.e.(2) Setbacks for Wellheads. This rule specifies that "a wellhead location shall not be less than three hundred and fifty (350) feet from any building unit, educational facility, assembly building, hospital, nursing home, board and care facility, or jail".

PDC is also requesting a variance from Rule 603.b. This rule defines a high-density area to "be determined at the time the well is permitted on a well by well basis by calculating the number of building units within seventy-two (72) acre area defined by a one thousand (1000) foot radius from the well-head or production facility..." Therefore, Rule 603.b. was evaluated as part of the CDPHE consultation process.

Facts learned during consultation include:

- The nearest building unit to PDC's proposed well location pad is an unoccupied house owned by PDC.
- There is a residential subdivision within the Town of Johnstown located within one thousand (1000) feet of the proposed well pad.
- During discussions with John Franklin representing the Town of Johnstown, CDPHE learned that PDC officials have met with the Johnstown Town Council to discuss access, noise and the visual aspects of the PDC's proposed drilling operation. The Johnstown Town Council asked PDC to meet with the nearby subdivision's Homeowners Association (HOA) to discuss its plans. PDC agreed to do so and sent a letter to the homeowners describing what they can expect from the drilling project; Specifically, the letter details duration of drilling, hours of operation, anticipated visual, noise and environmental impacts, and points of contact to discuss concerns;
- In order to minimize the impact of the proposed project on the residential subdivision, PDC agreed to employ additional best management practices. These practices include (which CDPHE recommends be incorporate in permits issued to PDC are):

- Utilizing a drilling rig equipped with mufflers that reduce rig engine noise and minimize light and noise coming from the drilling location to the extent possible while maintaining a safe working environment by directing lights away from the subdivision and using light diffusing material on individual drilling rig lights;
- Constructing a sound barrier, by placing hay bales in an arc shape around the location to deflect sound, light and the visual aspects of the drilling operation. The hay baled wall is planned to be four-hundred (400) feet long and twelve (12) feet high; and
- Controlling access to the site to authorized personnel only; and
- The public comment period has expired and CDPHE is not aware of any public comments for this variance request, based on discussions with COGCC staff and a review of the COGCC website.

In view of the foregoing, CDPHE believes that granting these variance requests, with the conditions recommended above, will result in adequate protection of the public health, safety, welfare and environment consistent with the intent of the COGCC rules. 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
Sarah Garrett, Landman, PDC
Bruce T. Barker, LGD, Weld County
John Franklin, Town of Johnstown