

April 8, 2010

Senator Mary Hodge  
300 E. Colfax Avenue  
Denver, CO 80203

Re: March 26, 2010 Letter - Vaughn Angus Farms  
Oil companies versus Landowners

Dear Senator Hodge:

The Colorado Oil and Gas Conservation Commission ("COGCC" or "Commission") is in receipt of the March 26, 2010 letter concerning complaints from Mr. John Vaughn related to his interactions with both Noble Energy, Inc. ("Noble") and the COGCC (hereinafter referred to as "Staff"), and his request for further legislation to protect surface owners from oil and gas operators (refer to Attachment A). I regret to hear that Mr. Vaughn is dissatisfied with the COGCC Staff's handling of his complaints and that he feels that surface owner's interests are not adequately protected under the COGCC Rules. The COGCC has prepared the following response that outlines the issues identified by Mr. Vaughn, and provides discussion of the relevant rules, policies and procedures currently in place, which include the protection of surface rights as well as avenues for grievance for surface owners within the process.

The Staff diligently investigates all complaints received from surface owners related to the oil and gas industry. The State of Colorado, through legislation, policy development, and rulemaking has enacted extensive mechanisms to ensure that surface owner's rights are protected. The Commission has promulgated a series of rules that include surface owners in the well planning and permitting processes. Extensive statewide surface reclamation rules have been promulgated to provide for the protection of soils and best management practices for well pad and access road construction. Fencing to protect livestock during site construction, the drilling and completion of the well, and ongoing production operations are also part of the reclamation rules. Additionally, the COGCC has a full time environmental specialist that is available to consult with surface owners and operators who have been unable to negotiate a surface use agreement ("SUA"). This position was created through legislative action in 2005 and has been actively involved in creating the Onsite Inspection Policy (refer to Attachment B) while working with surface owners and oil and gas operators since June 2005. The COGCC also developed an information brochure for surface owners (refer to Attachment C) which provides information on the notification, consultation and reclamation rules. Oil and gas operators provide this brochure to the surface owner as part of the well planning and permitting process.

In the matter brought to your attention by Mr. Vaughn's letter, Noble holds a mineral lease to develop the mineral rights beneath Mr. Vaughn's surface estate. Based on this mineral lease, Noble is entitled to reasonable access to the surface to develop those mineral rights beneath the surface. As previously mentioned, the COGCC Rules include a series of rules, with associated policies, to ensure that the surface owner's interests are protected (to include cases in which the surface owner does not own the severed mineral estate.) On August 27, 2007, Mr. Vaughn received a Notice of Intent to Conduct Surface Operations ("NOI") from Noble. The NOI is designed to be used by operators to initiate consultation for the development of an SUA with the surface owner, and for the surface owner to coordinate land use with the oil and gas operator (refer to Attachment D). The COGCC Rules require that the operator ask the surface owner whether they want to be consulted about the timing of oil and gas operations and the location of the well site and access roads. In this case, Noble received a returned post card which was marked "do not want to be consulting concerning proposed operations".

Under the COGCC Rules, operators are also required to make a good faith effort to negotiate an SUA. In this matter, the parties were unable to agree to an SUA; therefore, Noble permitted the well through its \$25,000 blanket surface bond. The blanket surface bond protects the surface and provides a mechanism for the state to conduct reclamation in event that an operator abandons a well without conducting adequate reclamation. Of note, Noble has recently been in litigation with Mr. Vaughn over surface use, and Noble has offered to provide detailed records of the proceedings and its interactions with Mr. Vaughn concerning this issue should you wish.

As is provided for by Rule 305.e.(1)A., a copy of the surface owner informational brochure was also sent to Mr. Vaughn with the NOI. The brochure describes the COGCC's Onsite Inspection process that can be initiated when a surface owner has not been able to execute a surface use agreement with an oil and gas operator. Staff has not located any record which indicates that Mr. Vaughn requested an onsite inspection. Since its inception, the Onsite Inspection program has proven an effective tool in assisting surface owners and operators in reaching an accord which results in an SUA.

On September 22, 2009, the COGCC received a written complaint from Mr. Vaughn. On September 29, 2009, a COGCC field inspector conducted a site inspection in response to the complaint. The COGCC has an internal policy that prioritizes complaint inspections and requires that a notice of alleged violation ("NOAV") be issued for any violation noted. The normal inspection process allows for informal enforcement proceedings as an initial step. During the inspection of Mr. Vaughn's complaint, the fencing and cattle guards were observed to be in good condition along with the tank battery and production equipment. Re-vegetation was in progress and bird guards were attached to process vessel stacks to protect migratory birds. In his complaint Mr. Vaughn indicated that bald eagles were disturbed but according to Division of Wildlife data the nearest bald eagle nest site is more than 2,700 feet from the wellhead and the nearest golden eagle nest site is 1,375 feet from the wellhead. The complaint also indicated that Noble had been threatening and demanding, but Staff was not able to substantiate the allegation. In the past year, the COGCC received a total of nine

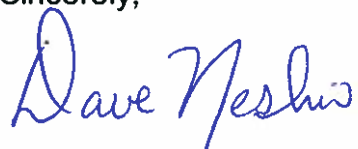
complaints against Noble on a state-wide basis, with the majority of the complaints related to noise and odor issues at active drilling locations.

As to Mr. Vaughn's complaint, the Staff did not follow up this inspection and complaint investigation with a letter or formal response. In lieu of a written response, Staff provided a verbal response during the site inspection; however, in review, this method of communication was inadequate given the nature of the complaint and the seriousness of the issues therein. Based on this review of the record, Staff is satisfied as to outcome of the site inspection and the result that no formal enforcement action should have been initiated.

Under Rule 522.b.(4), if a complainant is not satisfied with the Staff's handling and resolution of a complaint and associated enforcement action, he may file an application for a Commission hearing requesting an Order Finding Violation to further address his complaint. A letter describing this procedure and results of the site inspection will be forwarded to Mr. Vaughn.

If you have any questions, or wish to discuss these issues in more detail, please contact me at (303) 894-2100, ext. 5122, or contact Margaret Ash, Field Inspection Manager, at (303) 894-2100, ext. 5110.

Sincerely,



Dave Neslin  
Director, Colorado Oil and Gas Conservation Commission

Attachment A: March 26, 2010 Letter  
Attachment B: Onsite Inspection Policy  
Attachment C: Surface Owner Informational Brochure  
Attachment D: Notice of Intent Documents

**Vaughn Angus Farms  
12650 Tucson St  
Henderson, CO 80640  
(303)659-3747**

Senator, Mary Hodge  
300 E. Colfax Avenue  
Denver, CO 80203

March 26, 2010

Re: Oil Companies versus Landowners

Dear Senator Hodge,

Through my many years as a Farmer and Rancher, it has always been my objective to treat my neighbors, friends, and business associates with the utmost discipline and respect. Honesty is always the best policy when negotiating a business deal with anyone.

Recently, I have been involved in a situation with a large Oil Company whose attitude toward the little guy is one of, "get out of the way or we will just stomp you into the ground". This experience has been a terrible trauma, heartbreak and unnecessary expense for myself and my family.

I have a cattle pasture which lies next to I-76 highway near Hudson, CO. In this cow pasture I had 52 head of Black Angus Heifers (many of which belong to my grandchildren). Late one afternoon, the Oil Company came to my property and bulldozed down about 200 feet of my perimeter fence along the road. A neighbor called me at 6:00 pm and told me that someone had torn down my fence. Immediately, I had to drive to the pasture and work during the night to put my fence back up, because I didn't want my Black Angus Cattle to get out on that busy highway at night.

To have Black Angus Cattle on an Interstate Highway at night, certainly would have been a major catastrophe. Of course they didn't care about me or my way of making a living. They wanted to get onto my land with their big equipment and tear up my pasture. When I voiced my concerns on adequate fences and cattle guards, they said they do it all the time and would take care of it. A short time later, one of our heifers got out of their inadequate fence and was killed. They had also said they would pay damages. I have had no monetary compensation in any way, for the damages they have caused.

After talking with other Landowners, this is very typical of the way Big Oil Companies do things. They think they can just walk all over the little guy, if that is what it takes to get their way. In my complaint to the Oil Company's people, I was told in confidence they did this on purpose because they wanted to teach me a lesson. Originally they told me they would not consider any negotiations at all on their Surface Agreement.

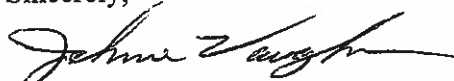
I didn't feel I should have had to sign their Surface Agreement. It was completely one sided. I felt I should have had every right to draw up my own Surface Agreement. It is my land. Big Oil Companies think they have to do it their way, with no compromise. Later, after they ramrodded everything, they said we could/should have modified theirs, or made up our own agreement if we had concerns.

As a property tax payer, it seems unreasonable that I have not been able to get any help from our State Oil and Gas Commission. Our government employees are much more comfortable if they don't have to get involved.

I am writing to you, in hopes that you might be able to put some pressure on these people and work toward developing future legislation to ensure landowners are protected, for the help of a small rancher. This is how I support myself and I always make an effort to help my grandkids with funding for college. This situation cost me thousands of dollars and really hinders my wife and I's ability to do that.

Please let me know what I could do to get something going to get some enforceable legislation in place to protect landowners. This was the most humiliating thing I have been through in my life. I certainly don't want to see other people have to go through this.

Sincerely,



Johnie Vaughn  
Vaughn Angus Farms

Cc: Senator, Greg Brophy  
Senator, Ken Kester  
Senator, Ted Harvey  
Representative, Jerry Sonnenberg  
Representative, Randy Baumgardner  
Representative, Marsha Looper  
Representative, Scott Tipton  
Representative, Kevin Priola

# Attachment B

## **Colorado Oil and Gas Conservation Commission Policy For Onsite Inspections On Lands Where The Surface Owner Is Not A Party To A Surface Use Agreement or Other Relevant Agreement (Effective for APDs submitted after February 15, 2005) Amended 12/6/05**

The following policy shall not apply to oil and gas wells drilled on lands where the United States Bureau of Land Management issues a federal Application for Permit-to-Drill and conducts an onsite inspection.

### **Initiation of An Onsite Inspection**

The Director will conduct an onsite inspection in advance of issuing an approved Application for Permit-to-Drill, Form 2 ("APD") at the request of the surface owner of the lands on which the well is proposed, when:

1. The surface owner is not a party to a surface use or other relevant agreement regarding the use of the surface for the proposed well;
2. The surface owner contends that the impacts of the proposed well may not be adequately addressed by the rules and regulations of the COGCC; and
3. The request for the onsite inspection is made by the surface owner within ten (10) business days of the good faith consultation provided for under COGCC Rule 306.

### **Purpose of Onsite Inspection**

The purpose of the onsite inspection shall be to determine whether technical or operational conditions of approval should be attached to the APD in order to:

1. Avoid potential unreasonable crop loss or land damage;
2. Address potential health, safety and welfare or significant adverse environmental impacts within COGCC jurisdiction regarding the proposed surface location that may not be adequately addressed by COGCC rules or orders, or
3. Otherwise ensure compliance with the COGCC's rules relating to advance notice and good faith consultation with respect to timing of operations and location of facilities.

The onsite inspection shall not address matters of surface owner compensation, property value, future use of the property or any private party contractual issues between the operator and the surface owner.

### **Notice to Surface Owner of Onsite Inspection Policy**

The advance notice of drilling operations that is provided to the surface owner by the operator as required under COGCC Rule 305. shall include a copy of this COGCC Onsite Inspection Policy.

### **Good Faith Consultation Prior to Conducting An Onsite Inspection**

Prior to the surface owner requesting an onsite inspection under this policy, the surface owner shall have participated in a good faith consultation in a timely manner with the operator in accordance with Rule 306. The operator shall indicate on its APD the date on which the Rule 306. consultation occurred or if the Rule 306. consultation has been waived. The operator may also indicate on the APD that the surface owner executed a surface use or other relevant agreement, if applicable.

### Requesting An Onsite Inspection

If the COGCC Rule 306. good faith consultation between the operator and the surface owner does not resolve operational issues related to the proposed well, the surface owner may request the COGCC to conduct an onsite inspection. The request shall be made within ten (10) business days following the first day of the consultation provided for under COGCC Rule 306. The request shall be in writing on the attached "Onsite Inspection Request Form" to the COGCC Permit Supervisor preferably by facsimile or alternatively by first class mail. The request shall be received within ten (10) business days of the COGCC Rule 306. consultation date provided on the APD. The surface owner shall include in the request the following information:

1. Two (2) dates on which the surface owner is available to meet on location; such dates to be within thirty (30) days of requesting such onsite inspection; and
2. The surface owner's preference for having the Local Governmental Designee ("LGD") invited to participate in the onsite inspection; and
3. A brief description of the unresolved issues related to the proposed well.

A request from a surface owner for an onsite inspection that is made prior to the submittal of an APD by an operator will be accepted by the COGCC but will not be acted upon until the APD is received by the COGCC.

The Director shall withhold approval of all APDs until the expiration of the ten (10) business day period provided above, except under the following circumstances:

1. A surface use or other relevant agreement has been executed; or
2. The COGCC Rule 306. consultation has been waived by the surface owner.

### Participants in the Onsite Inspection

When the Director conducts an onsite inspection as described herein, the Director shall invite the representatives of the surface owner and the operator to attend. The Director shall also invite the LGD to the onsite inspection, unless the surface owner does not wish the LGD to be present. All parties invited by the Director under this policy to attend shall notify the Director of all individuals expected to be present at the inspection. If any other individuals are in attendance, the inspection may be canceled or postponed. The Director shall attempt to select an acceptable time for the representatives to attend the onsite inspection, which shall be, to the extent practicable, on one of the two (2) dates that the surface owner proposed in his/her request to the Director.

### Permit Conditions Resulting From An Onsite Inspection

Following the onsite inspection, the Director may apply appropriate site specific drilling permit conditions, if necessary, to avoid potential unreasonable crop loss or land damage, or to prevent or mitigate health, safety and welfare concerns, including potential significant adverse environmental impacts. Any such conditions of approval shall be consistent with applicable Commission spacing orders and well location rules, and shall take into account cost-effectiveness, technical feasibility, protection of correlative rights and prevention of waste. Under COGCC rules, the Director is not authorized to require an operator to use an exception location, to utilize directional drilling techniques, or otherwise compromise its reasonable geologic and petroleum engineering considerations.

Examples of the types of impacts and conditions that might be applied if determined necessary by the Director at the onsite inspection include (this list is not prescriptive or all inclusive):

1. visual or aesthetic impacts - moving the proposed surface well site location or access road to take advantage of natural features for screening; installing low profile artificial lift methods; constructing artificial features for screening
2. surface impacts - moving or reducing the size, shape, or orientation of the surface well site location or access road to avoid disturbance of natural features or to enhance the success of interim and final reclamation activities; controlling noxious weeds and undesirable species in disturbed areas, utilizing an existing surface well site location or access road to avoid the impacts of new construction; utilizing a closed drilling fluid system instead of reserve pits to avoid impacts to sensitive areas
3. noise impacts - installing electric motors where practicable; muffling, locating or orienting motors or compressors to reduce noise; installing insulated buildings or sound barriers to achieve compliance with COGCC rules
4. dust impacts - watering roads as necessary to control dust during drilling and completion operations
5. ground water impacts - collecting and analyzing water and gas samples from existing water wells or springs; installing monitoring wells, collecting samples, and reporting water, gas and pressure data
6. safety impacts - soil gas sampling and analysis; residential crawl space gas sampling and analysis; installing security fencing around wellheads and production equipment
7. wildlife impacts - limiting drilling and completion operations during certain seasonal time periods when specific site conditions warrant

If the operator objects to any of the conditions of approval applied under this policy, the Director shall stay the issuance of the drilling permit and properly notice and set the matter for the next regularly scheduled Commission hearing at which time the Commission may determine conditions of drilling permit approval.



**Colorado Oil and Gas Conservation Commission (COGCC)**

**Onsite Inspection Request Form**

(Effective for APDs submitted after February 15, 2005)

As the surface owner(s) where a proposed well is being drilled, I/we am/are requesting that the COGCC conduct an onsite inspection. I/we did not execute a surface use or other relevant agreement regarding the use of the surface for the proposed well. I/we understand that good faith consultation with the operator as required under COGCC Rule 306. is required to have occurred prior to making this request to the COGCC to conduct an onsite inspection, and that this onsite inspection request must be received by the COGCC within ten (10) business days of the first day of the Rule 306. consultation.

**Surface Owner Contact Information:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone No. \_\_\_\_\_ Cell \_\_\_\_\_

**Well Operator and Location Information:**

Operator: \_\_\_\_\_

Well Name: \_\_\_\_\_

Location: \_\_\_\_\_

Quarter/Quarter Section-Township-Range

County: \_\_\_\_\_

First date Rule 306. consultation occurred: \_\_\_\_\_  
Date

Proposed two (2) dates for the COGCC onsite consultation (must be within thirty (30) days of the request)

1<sup>st</sup> date \_\_\_\_\_ 2<sup>nd</sup> date \_\_\_\_\_

I/we would prefer to have a representative of the appropriate Local Government (COGCC Local Governmental Designee) invited to attend the onsite inspection? \_\_\_\_\_yes\_\_\_\_\_no

Briefly describe the unresolved issues related to the proposed well: (The onsite inspection shall not address matters of surface owner compensation, property value, future use of the property or any private party contractual issues between the operator and the surface owner.)

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

Signature(s)

Date

**Please fax or first class mail this request for an onsite inspection to:**

Colorado Oil and Gas Conservation Commission

Attn: Permit Supervisor

1120 Lincoln Street, Suite 801 Denver, CO 80203

FAX (303) 894-2109

# Attachment C



Colorado Department of Natural Resources

## **OIL AND GAS WELL NOTIFICATION, CONSULTATION, AND RECLAMATION RULES**

### **INFORMATION FOR OIL AND GAS OPERATORS, SURFACE OWNERS AND SURFACE TENANTS**

***DISCLAIMER:*** *Surface owners are advised to obtain legal advice as may be appropriate to their particular circumstances. Landowners may or may not own the mineral rights underlying their property. In either case, surface owners and tenants may be faced with oil and gas mineral owners exercising their right to drill and produce wells on the property. This brochure is designed to describe the key points of the regulations for the reclamation of land disturbed by oil and gas activity. These regulations are enforced by the Colorado Oil and Gas Conservation Commission.*

*This brochure is a summary only, and is not to be used as a substitute for the complete rules and regulations.*

revised 08/25/2006

## STATEWIDE OIL AND GAS RECLAMATION RULES

The Colorado Oil and Gas Conservation Commission's (COGCC) statewide reclamation rules are designed to ensure that the surface of the land is restored as closely as possible to its pre-development condition. These rules respect the surface owner's need to request waivers of certain requirements under special circumstances.

The rules were developed with input from the oil and gas industry, the agricultural industry, the environmental community, and local governments. The COGCC also consulted with the Colorado Agricultural Commission as the rules were being written.

### ***CROP LAND OR NON-CROP LAND? (100 Series Rules Definitions)***

The requirements for notification by oil and gas operators to surface owners, as well as site construction and reclamation requirements, depend on whether or not the wellsite and access road are built on **Crop Land** or **Non-Crop Land**.

**Crop Land**--Lands which are cultivated, mechanically or manually harvested, or irrigated for vegetative agricultural production.

**Non-Crop Land**--Lands which are not defined as Crop Land, including range land.

### ***SURFACE OWNER NOTIFICATION BY THE OIL AND GAS OPERATOR (Rule 305)***

Before drilling, the oil and gas operator is required to:

- mail or deliver a notice to the **surface owner** and local government (to identify a surface owner for the purpose of giving the Rule 305 notice, the operator may rely on the records at the assessor for the county where the oil and gas operations will occur); and
- post a notice on the drillsite.

Notice is also required:

- if future operations are planned at an existing well site that cause significant surface disturbances, and
- before final reclamation of the wellsite and access roads.

The notice timing requirements depend on the type of oil and gas operations:

<b><u>OPERATION</u></b>	<b><u>CROP LAND</u></b>	<b><u>NON-CROP LAND</u></b>
Drilling	30 Days	30 Days
Additional Notice of Drilling on Irrigated Crop Land	14 Days	Does Not Apply
Future Well Operations	7 Days	7 Days
Final Reclamation	30 Days	30 Days

### **PURPOSE OF NOTICE**

The purpose of the surface owner notice is to inform the surface owner about when and where the oil and gas operations are to take place so that the surface owner and tenant can make plans to coordinate their own land use with the oil and gas operations.

The COGCC rules require an oil and gas operator to ask the surface owner if he/she wants to be consulted about the timing of the operations and the locations of the wellsite and access road, as well as the final reclamation operations. In addition, the COGCC Onsite Inspection Policy requires an oil and gas operator to provide the surface owner with a copy of the Onsite Inspection Policy and an Onsite Inspection Request Form, along with the Rule 305 surface owner notification. (See "Onsite Inspections" on page 4.)

### **SURFACE TENANT NOTIFICATION (Rule 305.e.)**

It is the surface owner's responsibility to notify the surface tenant about the proposed oil and gas operations.

### **SURFACE OWNER CONSULTATION (Rule 306)**

The oil and gas operator is required to offer to consult with the surface owner about the locations of wellsites and access roads, and about final reclamation. *The operator has no obligation to consult with a surface tenant unless the surface owner appoints a tenant for consultation.*

Local government representatives may also participate in the consultation about wellsite and access road locations if they desire. Local governments receive notice of wells to be drilled if they request to participate in the COGCC local governmental designee program.

### **ONSITE INSPECTIONS**

On lands where the surface owner did not execute a lease or is not party to a surface use agreement, the surface owner may request the COGCC to conduct an onsite inspection with the surface owner and the oil and gas operator. Local government representatives may also participate if desired by the surface owner. The purpose of the inspection is to determine if technical or operational conditions should be attached to the permit to avoid potential unreasonable loss of crops or land, to address issues regarding health, safety, welfare or environmental impacts, and to ensure compliance with COGCC rules regarding advance notice and good faith consultation.

***The onsite inspection will not address matters of surface owner compensation, diminution of property values, future property use, or other private party contractual issues between the operator and the surface owner. Please see the COGCC Onsite Inspection Policy for details about requesting an onsite inspection***

**SITE PREPARATION - FENCING (Rule 1002.a.)**

**On all lands:** ***At the surface owner's request***, and where livestock is in the immediate area, the operator is required to fence the drilling mud reserve pit on wells that are being drilled, and the wellhead, pit, and production equipment on producing wells.

**On Crop Land:** ***At the surface owner's request***, the oil and gas operator is required to mark the boundaries of drillsites and access roads with berms, single strand fences, or other equivalent methods to minimize surface disturbance.

**SOIL SEGREGATION WHILE EXCAVATING (Rule 1002.b.)**

**On Crop Land:** While performing all excavations, the oil and gas operator is required to segregate all A (topsoil), B, and C soil horizons, and stockpile each of these soils separately. Deeper soil horizons are segregated to a depth of six feet.

**On Non-Crop Land:** The A (topsoil) horizon, or the top six inches of soil (whichever is deeper) is required to be segregated and stockpiled separately at all excavation

*If soil horizons are too rocky or too thin to segregate, the topsoil is segregated as much as possible and stored separately. On crop land, other deeper soil layers are segregated as much as possible to a depth of three (3) feet.*

**MINIMIZING SURFACE DISTURBANCE DURING  
DRILLING OPERATIONS (Rule 1002.e.)**

**On all lands:** Drilling locations are required to be designed and constructed in a manner that minimizes the total disturbed area. Steep slopes are to be avoided where possible, and deep cut and fills are to be constructed to the least possible slope. Existing access roads are to be used where possible, and oil and gas operators are encouraged to share access roads when developing a field. Operators are required to limit their travel to within original access road boundaries to reduce land damage.

**RECLAMATION BEGINS SOON AFTER A WELL IS DRILLED AND COMPLETED (Rule 1003)**

After a well is drilled, all areas which were disturbed by the drilling operations, and which are not needed for production operations, are to be reclaimed as close to their original condition as possible.

This "interim reclamation" is required to take place:

**On Crop Land:** No later than three (3) months after a well is completed.

**On Non-Crop Land:** No later than twelve (12) months after a well is completed.

**On all lands:** Interim reclamation includes:

- removing drilling waste materials and filling of pits and holes;
- removing compaction from the soil in areas no longer needed for oil and gas operations by cross-ripping the soil to a depth of eighteen (18) inches;
- closing drilling pits by drying out the pit and backfilling it by replacing the soil layers in their original positions;
- subsidence over the closed drilling pit is required to be corrected by the operator for two (2) years following pit closure by adding additional topsoil.

**On Crop Land:** Additional interim reclamation requirements include:

- guy line anchors for drilling and completion rigs are to be removed if requested;
- all bentonite drilling fluid is to be removed from the drilling pit before drying, and a minimum backfill cover of three (3) feet must be placed over any remaining contents in the pit;
- subsidence over any reclaimed area, including a closed drilling pit, is required to be corrected by the oil and gas operator by adding additional topsoil during the life of the well.

**INTERIM RESTORATION AND REVEGETATION (Rule 1003)**

**On all lands:** The oil and gas operator is required to replace all soils to their original positions and contour, and to adequately till the soil.

**On Crop Land:** The operator is required to prevent weeds and erosion, and to re-establish perennial crops that were present before drilling.

**On Non-Crop Land:** The operator is required to re-seed the disturbed area in the first favorable season. Re-seeding is done according to a surface owner agreement or in consultation with the local soil conservation district in the absence of an agreement. Re-seeding with a species consistent with the adjacent plant community is encouraged.

#### **FINAL RECLAMATION (Rule 1004)**

Final reclamation takes place after oil and gas wells are plugged and abandoned. All final reclamation work is required to be completed:

**On Crop Land:** No later than three (3) months after a well is plugged and abandoned.

**On Non-Crop Land:** No later than twelve (12) months after a well is plugged and abandoned.

**On all lands:** An oil and gas operator is required to

- remove all production equipment and debris;
- remove or treat any remaining production waste or contamination from spills or releases following COGCC rules;
- backfill all production pits by replacing the soils in their original positions;
- correct subsidence over closed production pit locations by adding additional topsoil;
- close access roads to plugged and abandoned wells and associated facilities;
- re-grade and re-contour the wellsite and access roads;
- perform compaction removal, restoration, and revegetation on well-sites and access roads to the same standards as those for interim reclamation on both Crop Land and Non-Crop Land;
- comply with all COGCC rules unless a surface owner waiver or Commission variance is obtained.

#### **FLOWLINE INSTALLATION, MAINTENANCE, RECLAMATION, AND ABANDONMENT (Rule 1101)**

**On all lands:**

- All oil and gas well flowlines are required to be buried deep enough to protect them from damage.
- Flowlines may be installed above ground if certain difficult conditions prevent burial or by agreement with the surface owner.

**On Crop Land:**

- Flowlines must be covered by a minimum of three (3) feet of soil unless prevented by certain difficult burial conditions, or the surface owner agrees to a shallower depth.
- When excavating trenches wider than twelve inches, the operator is required to segregate topsoil and backfill trenches to return the soils to their original positions and contour.
- Efforts are to be made to run flowlines parallel to crop irrigation rows on flood irrigated land.

#### **MAINTENANCE (Rule 1102)**

**On all lands:** Flowline trenches are to be maintained to correct subsidence and prevent erosion, with interim and final reclamation being

performed to the same standards as for wellsites and access roads. To prevent flowline leaks, flowlines are to be pressure tested upon installation, and then each year afterward

***FLOWLINE ABANDONMENT (Rule 1103)***

**On all lands:** When flowlines are abandoned:

- the lines are emptied of oil and gas;
- the lines are cut off below the ground surface;
- the lines are capped at the ends.

***OIL AND GAS WELL AND TANK BATTERY SIGNS (Rule 210.b.)***

Oil and gas operators are required to post permanent signs at wells and tank batteries that identify the operator and provide location and emergency notification information. Signs must be posted within sixty (60) days after the COGCC approves a change of operator.

***COGCC COMPLAINT PROCESS (Rule 522)***

If a surface owner or tenant has a complaint about an oil and gas operation, the COGCC encourages them to first contact the operator to see if a solution can be found that works for both parties. If no satisfactory solution can be found, a surface owner or tenant may file a complaint, preferably in writing on a COGCC Complaint Report Form (Form 18), with the COGCC. The COGCC staff includes field inspectors, engineers and environmental specialists who are available to investigate complaints and take enforcement action if rule violations are found. If the COGCC enforcement process does not adequately address a surface owner or tenant complaint, an application can be filed for a Commission hearing.

***COGCC HEARING APPLICATION PROCESS  
(Rules 503 and 522.c.)***

Surface owners and tenants may file an application for hearing before the Commission for the following purposes:

- to seek a variance from the COGCC Rules if the Director does not grant a variance request administratively
- to seek an Order Finding Violation if they object to the COGCC staff's formal resolution of their complaint

Applications for Commission hearings are required to include a written description of the requested relief and the factual grounds for the relief. All hearing applications are to be filed at least fifty (50) days in advance of the desired hearing date. No application fee is required. Contact the COGCC Hearings Manager for further information on hearing application procedures.



The COGCC has offices located throughout the state:

Main Office: 1120 Lincoln Street, Suite 801  
Denver, CO 80203  
(303) 894-2100 - phone  
(303) 894-2109 - fax  
Toll-free Complaint Line to Denver:  
(888) 235-1101

Greeley: (970) 506-9834 – phone  
Sterling: (970) 522-6747 – phone  
Trinidad: (719) 846-4715 – phone  
Parachute: (970) 285-5661 – phone  
Parachute: (970) 285-9000 – phone  
Durango: (970) 259-4587 – phone  
Broomfield: (303) 469-1902 – phone  
De Beque: (970) 283-8635 – phone

Visit the COGCC Website at:

[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

Information available on the website includes:

- COGCC Rules and Regulations and the Oil and Gas Conservation Act
- COGCC Onsite Inspection Policy
- COGCC Staff Contact Information
- A listing of Local Governmental Designees
- A listing of all pending and approved Applications-to-Drill
- A calendar of COGCC hearings
- The COGCC Information System including a Geographic Information System (GIS) Map interface
- Typical Questions from the Public About Oil and Gas Development



1625 Broadway  
Suite 2000  
Denver, Colorado 80202

Tel 303 228 4000  
Fax 303 228 4280



01875743  
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OCT 10 07

COGCC

August 23, 2007

V-Co Enterprises, Inc  
12650 Tucson Street  
Henderson, CO 80640

Re Notice of Drilling Operations  
Well(s) Enterprise-USX XX 21-6  
Township 1 North, Range 65 West, 6<sup>th</sup> P M  
Section 21 SE $\frac{1}{4}$ NW $\frac{1}{4}$   
Weld County, Colorado

**Attachment D**

Gentlemen

Pursuant to Rule 305 b (1) of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission ("COGCC"), Noble Energy, Inc, hereby gives notice to you that it intends to commence operations for the drilling of a well or wells for oil and/or gas on the referenced lands no sooner than September 22, 2007. As surface owner you have the responsibility for notifying any affected tenant of the proposed operations.

Prior to commencing these operations, we would like to consult with you concerning the proposed operation and to finalize the location of the well site, production facility, pipelines and roads. The location will be staked before the consultation, and John Marshall of our Platteville office will be contacting you to discuss the proposed operations and to schedule an on-site consultation, if you request one. He may be reached at 970-785-5000. Enclosed is a postage prepaid postcard for your use in requesting a consultation. If you wish to appoint a tenant for the consultation, please indicate the name, address and telephone number in the space provided on the postcard. Please fill out the postcard and return it to us within ten (10) days from the date of this letter.

The attached plat illustrates the area, per COGCC rules, orders or policies, within which the well(s) may be located and the proposed location of the well. Also enclosed is a copy of the COGCC's brochure describing surface owner rights and responsibilities and a copy of the COGCC's Policy for Onsite Inspections.

Very truly yours,

NOBLE ENERGY, INC

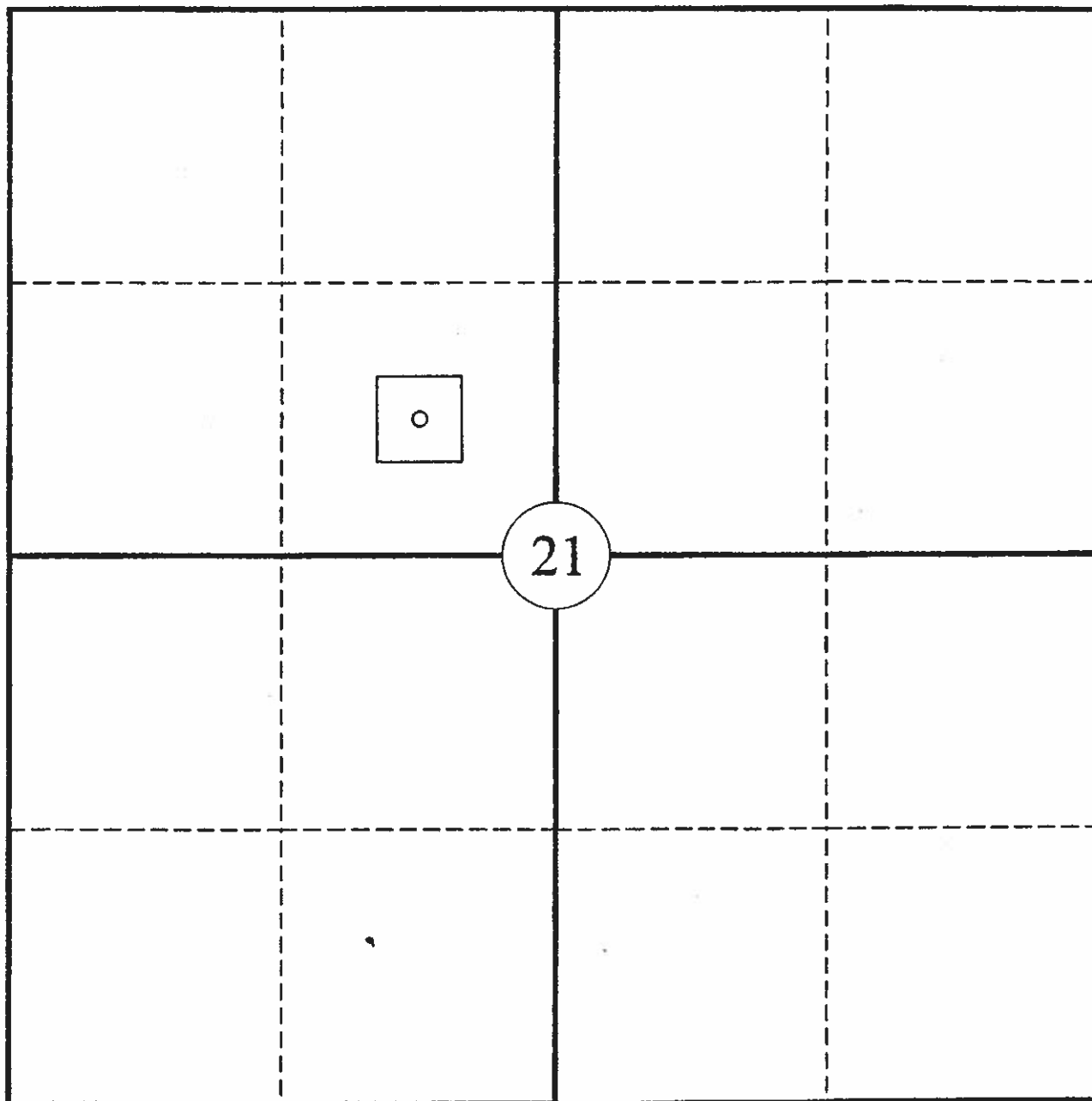
A handwritten signature in cursive script that reads 'Angela Mallon'.

Angela Mallon  
Land Negotiator

cc John Marshall  
Kurt Schiller  
Clerk to Board of County Commissioners  
Ryan Bruner  
Kathryn Portus

**ENTERPRISE-USX XX 21-6**  
**SECTION 21 - TOWNSHIP 1 NORTH - RANGE 65 WEST**  
**OF THE SIXTH PRINCIPAL MERIDIAN**  
**WELD COUNTY, COLORADO**

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- PROPOSED WELL LOCATION
- COGCC DRILLING WINDOW

**ne** noble  
energy

Enterprise USX XX 21-6  
Consultation Attempts

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PHONE CALLS

- 8/27/07
  - Patricia Vaughn said they don't own the land and then hung up on me
  - Mark Wilson called and she said the same thing, but said to contact Johnie and gave us his number
  - Johnie yelled at me for "us" leaving gates open, calling late, not returning calls, told me he only wanted correspondence through letters, and then hung up on me
- 8/31/07
  - Called, no answer, no message left – no returned call
- 9/4/07
  - Called, no answer, no message left – no returned call
- 9/5/07
  - Called, no answer, left message – no returned call

IN PERSON VISITS

- 9/11/07
  - I went to Vaughn Concrete Products in Henderson, CO to meet with Mr or Mrs Vaughn to see if I could work with them in person for the consultation. He was unwilling to work with us and was obviously very frustrated. Wouldn't listen to what we had to say and told us to "scram". Some of what was said is below
  - Mr Vaughn said he didn't get the Notice of Intent to Drill letter (see attached) although it was sent certified and he signed for it (see attached) and when I produced the Consultation Request form (see attached) is when he got very mad at us and kicked us out of his office at this time
  - He also said that he called a 405 area code number trying to reach me and when he asked for me, "they" didn't know who I was
  - He said Sean Howley (Noble Field Landman) and I didn't know what we were doing and that he was "done with me". At this point, I had only talked with him once over the phone, once with his wife over the phone, and this time at his office. He said he worked with a lady, who knew what she was doing, but I have no clue who that might be, but it is not someone with Noble
  - Repeated that I call late at night, which again is not me. I have only contacted them from my office or cell phone before 4 30pm.
  - I tried to explain to him that he must be getting us confused with another company on another piece of land and he completely ignored us
  - He wouldn't look at the aerial to acknowledge or deny ownership of Section 21
  - He ignored the statement when we said the Weld County Assessor's office showed him as the owner

- And again, became visibly upset when we produced the card he mailed back to us requesting a consultation after he denied ever seeing the letter

#### OTHER NOTES

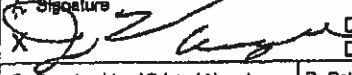
- Throughout this whole process he has refused to simply talk or reason with me or anyone else with Noble.
- He has been very upset with me since the first contact and refuses to have a meaningful consultation. On the phone he hung up when he was done yelling and at his office he refused to participate in the dialogue relating to the well and would continue yelling over the above mentioned issues.
- He, according to the Weld County Assessor's Office has owned the land since February of 1992 and has paid taxes ever since
- Overall, Mr and Mrs. Vaughn would never listen to anything we had to say. He insists that it is us who he is having trouble with, so he refuses to work with us.

  
John L. Marshall

RECEIVED

OCT 10 07

COGCC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits</p>		<p>A Signature </p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1 Article Addressed to</p> <p>V-Co Enterprises, Inc. 12650 Tucson Street Henderson, CO 80640</p>		<p>B Received by (Printed Name)</p>	<p>C Date of Delivery</p>
<p>2 Article Number (Transfer from service label)</p>		<p>D Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below <input type="checkbox"/> No</p>	
<p>3 Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> COD</p>		<p>4 Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>7006 0100 0003 2185 2335</p>			
<p>PS Form 3811, February 2004</p>		<p>Domestic Return Receipt</p>	
		<p>102595-02-M-1540</p>	

UNITED STATES POSTAL SERVICE

27 AUG 2007 PM 9

First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. 610

• Sender. Please print your name, address, and ZIP+4 in this box •

Noble Energy Productions, Inc  
1625 Broadway, Suite 2000  
Denver, CO 80202  
Attn: Land Department



Surface Owner V-40 Enterprise  
Johnie Vaughn  
Phone No. 303-659-3747  
Well Name(s). Enterprise 522x21-6

Check appropriate box(s) I do not own ground in section 21

☐ I do not want a consultation

☒ I do want to be consulted concerning proposed operations ,

☐ I want to appoint a Tenant to be consulted

Tenant

Name \_\_\_\_\_

Phone No \_\_\_\_\_

Address \_\_\_\_\_

