



DEPARTMENT OF NATURAL RESOURCES

Bill Ritter, Jr., Governor
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June 25, 2008

Mr. John Nussbaumer
Petroleum Development Corporation
1775 Sherman Street, Suite 3000
Denver, CO 80203

Re: Dilka Farms – Drilling Fluids Management Plan
NWNW Section 6, T-6-N, R-63-W
Weld County

Dear Mr. Nussbaumer,

Based on review of the Sundry Notice – Form 4, submitted on May 16, 2008, the Agreement for Land Application dated June 9, 2008, and the sampling results submitted in a letter report from LT Environmental dated June 19, 2008, the Colorado Oil and Gas Conservation Commission (COGCC) approves the Dilka Farms Drilling Fluids Management Plan with the following conditions:

- Only water-based bentonitic drilling fluids will be applied to the pond for the specific purpose of improving water retention in accordance with COGCC Rule 907.d.(3)B.i.
- The Agreement for Land Application between Petroleum Development Corporation (PDC) and the current land owner, Mr. John Dilka, meets the surface owner approval requirement in accordance with COGCC Rule 907.d.(3)B.iii; however, it does not release PDC from any of the Operator obligations listed in COGCC Rules 907.a.(1) or 907.d(3)B.iv.
- The sample results reported in the June 19, 2008, letter report from LT Environmental indicate that concentrations of Total Petroleum Hydrocarbons (TPH) in the drilling fluids previously placed at the location are below COGCC allowable concentrations for sensitive areas. Should conditions be discovered which indicate that contaminant concentrations in the drilling fluids or native soils exceed COGCC standards for sensitive areas or if groundwater is impacted, then PDC will be required to conduct further site investigation and/or remediation at this location.
- PDC will track every load of bentonitic drilling fluids applied to the Dilka pond in accordance with COGCC Rule 907.b.(2) – Waste generator requirements.

DEPARTMENT OF NATURAL RESOURCES: Harris Sherman, Executive Director

COGCC COMMISSION: Richard Alward - Thomas L. Compton - Mark Cutright - Michael Dowling - Joshua B. Epel - Kimberlee Gerhardt - Trései Houpt - Jim Martin - Harris Sherman
COGCC STAFF: David Neslin, Acting Director - Debbie Baldwin, Environmental Manager - Patricia C. Beaver, Hearings Manager - David K. Dillon, Engineering Manager

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- The Drilling Fluids Management Plan states that each reserve pit will be characterized by taking a representative sample and having it tested for TPH. No drilling fluids with TPH concentrations exceeding the sensitive area allowable concentration of 1,000 parts per million (ppm) TPH shall be applied to the Dilka pond. Sample results will be kept on file with the waste generator documentation and shall be made available for COGCC review upon request.
- PDC shall notify COGCC in writing when application of drilling fluids for pond lining is complete.

If you require any additional information, please call me at 303-637-7178.

Sincerely,



John Axelson, P.G.

Environmental Protection Specialist

Cc. David Neslin – Acting COGCC Director
Debbie Baldwin – COGCC Environmental Manager
Carol Harmon – COGCC Enforcement Officer
John Dilka – Land Owner