

## RECORD OF PROCEEDINGS

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July 23, 2007

The Oil and Gas Conservation Commission met on July 23, at 9:05 a.m. in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver Colorado, for a hearing in Cause Nos. 1 and 407 (6 matters), 139 and 191 (4 matters), 112 (3 matters), 296, 440.

Those present were:

Harris Sherman	Chair
Joshua Epel	Vice Chair
Rich Alward	Commissioner
Tom Compton	Commissioner
Mark Cutright	Commissioner
Michael Dowling	Commissioner
Kim Gerhardt	Commissioner
Trési Houpt	Commissioner
Jim Martin	Commissioner
Kelly Rees	Assistant Attorney General
Brian Macke	Director
Tricia Beaver	Hearings Manager

Commissioner Dowling nominated Commissioner Sherman for Chair, seconded by Joshua Epel. Commissioner Martin amended the nomination to include Joshua Epel as Vice Chair. The nominations were unanimously approved.

A motion was made by Commissioner Gerhardt, seconded by Commissioner Dowling, to approve the May minutes. The minutes were unanimously approved.

Director's Report: Director Macke introduced the department managers to the new Commission. He stated that we are on track to approve 6150 APDs by years' end. The turnaround time for APD approval is between 30 and 40 days. There is a backlog of over 1068 APDs currently. We have received approval for one more permit technician and will be hiring this full time employee soon. He referred to the table in the staff report which showed a slight increase in the use of surface bonds with approximately 17% of the approved APDs using them, which is slightly higher than the previous 2 years. We will be working to better understand this increase but believe the higher number is due to the typical procedure used by Raton Basin operators to negotiate surface use agreements after the surface disturbance has occurred.

Northwest Colorado: The next Northwest Colorado Oil and Gas Forum is scheduled for September 13, 2007, from 10:00 a.m. until 2:00 p.m. at the Garfield County Fairgrounds in Rifle.

On June 13, 2007, EnCana Oil & Gas (USA), Inc. submitted the March 2007 Quarterly Sampling and Remediation Status Report on the West Divide Creek Seep Remediation. Contaminate compounds, including benzene, toluene, ethylbenzene, and xylenes, have not been detected in any West Divide Creek surface water samples since Spring 2005. The continued decrease in the concentrations and aerial extent of contaminate compounds in the ground water is attributable to remediation (air sparging) of the ground water in the alluvium along the impacted part of West Divide Creek.

Director Macke described that the COGCC implements ground water standards and classifications established by the Water Quality Control Commission through its implementing authority under SB89-181.

The COGCC has completed a water quality investigation in Moffat County just west of Craig, Colorado. Approximately twenty-five (25) water wells in Townships 6 and 7 North, Range 92 West, 6th P.M. were sampled for general water quality parameters and dissolved methane concentration.

Recent permitting for coalbed methane wells in this area of Moffat County has generated the need to establish baseline ground water quality data from water wells. The final report will be available soon.

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Commissioner Cutright indicated that the Republican Water District was concerned about its water wells being tested.

Southwest Colorado: LT Environmental Inc. (LTE) submitted a proposal for pilot projects to characterize the impacted aquifers and to test the applicability of several techniques for remediating the residual gas in the gravel terrace deposits and in the ground water aquifers of the Nacimiento Formation related to the Bryce 1-X Well. This work will include pumping and recovery, insitu air sparging, in-well aeration, and active and passive vapor extraction testing. A soil gas survey has recently been completed and the results will be available soon. COGCC staff is working with LTE and the landowners to obtain access to the water wells in the area for additional hydrogeologic testing.

There were 40 attendees at the June GORT meeting. The next GORT meeting is scheduled for September 20, 2007, at 8:30 a.m. at the La Plata County Fairgrounds. Possible topics for this meeting include outcrop mitigation and monitoring scoping status and pending revisions to the County's codes related to oil and gas development.

Brian Macke, Debbie Baldwin, and Karen Spray continue to work with La Plata County Energy Council, La Plata County, and USFS/US BLM personnel to identify several pilot gas seep mitigation projects on which to proceed, to develop work plans for these, and to identify sources of funding.

Senate Bill 07-198, the recently approved legislation to secure the funding for the Fruitland Formation Seep Mitigation Project in La Plata County and the Fruitland Formation Outcrop Monitoring Project in Archuleta County, requires a COGCC mill levy increase under §34-60-129 C.R.S. in order for the project to be adequately funded. The rulemaking hearing is set for tomorrow's Commission hearing. SB 07-198 appropriates \$4,452,000 to the COGCC from the Oil and Gas Conservation and Environmental Response Fund over a three year period commencing July 1, 2007, and ending June 30, 2010. The COGCC would use up to \$2,944,000 of this appropriation to determine the most cost-effective methods of mitigating the seepage of methane gas and to expand the existing monitoring network along the outcrop of the Fruitland Formation in La Plata County, and up to \$1,508,000 to install monitoring wells in the Fruitland Formation in Archuleta County.

Northeast Colorado: The Ogallala Aquifer Baseline Study consisted of collecting samples from water wells in selected townships in Washington and Yuma Counties for organic and inorganic laboratory analyses. Seventy-five (75) water wells were sampled and COGCC staff has recently reviewed the draft report.

COGCC staff contracted with Lepert Associates, Inc., of Golden, Colorado to conduct baseline ground water quality sampling of twenty (20) water wells completed in the Arapahoe Aquifer in Adams County in Townships 1 and 2 South, Ranges 59 through 64 West, 6<sup>th</sup> P.M. Field sampling was completed in late June 2007. Water wells were sampled for general water quality parameters and dissolved methane concentrations. As soon as the laboratory analytical results are submitted, COGCC staff will prepare and send letters to each individual well owner discussing their water sample results. The final report will be made available on the COGCC website ([www.cogcc.state.co.us](http://www.cogcc.state.co.us)).

As part of a FY 2006 budgetary request, the COGCC received funding to conduct a gas and water quality investigation in the Greater Wattenberg Area (GWA) of the D-J Basin. Seventy-eight (78) gas wells and nine (9) Laramie/Fox Hills water wells in selected townships within the GWA were sampled by LT Environmental, Inc. (LTE).

The Fort Morgan Gas Storage Field (Field) is located approximately five (5) miles south of Fort Morgan, Colorado in Morgan County and is operated by Colorado Interstate Gas (CIG), an El Paso Corporation. The gas storage facility was formerly a producing oil and gas reservoir and has been a natural gas storage operation since 1966. There are currently a total of thirty-two (32) storage and two (2) water disposal wells within the Field. On October 22, 2006, COGCC staff was notified of a casing leak on Well #26 that had necessitated the evacuation of nearby residents. The gas flow from the well was safely shut off on October 22, 2006, and there were no personal injuries. CIG estimates that between 650 and 700

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MMcf were lost based on inventory analysis, flow calculations, and chart measurement. COGCC staff is currently reviewing information submitted in response to the NOAV issued to CIG on December 18, 2006. Ninety-one (91) cone penetrometer (CPT) rig locations were drilled and completed with piezometers. Laboratory results of the initial sampling event indicated that sixteen (16) CPT locations had methane concentrations greater than 2 mg/l and ranging from 2.5 mg/l to 18.0 mg/l. Additionally, fifty-six (56) irrigation wells have been canvassed for sampling potential. The air inside the casing of twenty-seven (27) of these was screened for methane. Methane concentrations ranging from 4 to 32 % Lower Explosive Limit (LEL) were detected in the air inside the casing in three (3) of these wells. On May 22, 2007, COGCC staff met with CIG representatives to discuss the results of Phase II of the Environmental and Engineering Assessment Workplan. An operational update, overview of Phase II findings, and scheduling of future Phase II events were discussed.

COGCC recently completed reclamation at the former Lewis Creek Gas Plant in Logan County. Transportation & Industrial Services, Inc. (TIS) was subcontracted to perform the reclamation, which consisted of removal of surface piping and concrete as well as final grading and seeding. Because the surface owner preferred removal of concrete from the site as opposed to on-site burial, a cooperative agreement was made with the Logan County Road and Bridge Department. They recovered the concrete from the site for use in local erosion control projects saving several thousand dollars in transportation and disposal costs. Work began at the Little Hoot Gas Plant, also in Logan County, consisting of surface piping removal and reclamation of a historic pit at the site. Disturbed areas were graded and seeded. Remaining work includes demolition of a structure at the site, removal/burial of concrete, final grading and seeding. This work is tentatively scheduled for fall of 2007. A total of 2,800 pounds of used steel pipe and conduit were recovered from the two sites and recycled at Iron & Metal, Inc. in Denver.

Southeast Colorado: Work on Task 1 of the Phase II Seep Mapping Project (Phase II Project) which occurred from April 19, 2007, to May 4, 2007 was described. LT Environmental Inc. (LTE) is currently conducting Task 2 of the Phase II Project which involves 25 days of detailed soil gas mapping at sites identified during Task 1 to determine the extent and magnitude of each seep. The locations selected for the detailed soil gas mapping were based on the persistence of the seep (if it was previously identified during Raton Basin Phase I Project), and for potential to impact public health, safety and welfare. Task 2 is scheduled to be completed at the end of July 2007. The Phase II Project also involves sampling and analysis of water wells and gas wells. Samples will be analyzed for inorganic and general water quality parameters, and dissolved methane. Additionally, samples of the gas seeps and gas from production wells will be submitted for isotopic analyses to determine whether the methane in the seeps is similar to the coal bed methane gas.

The emergency response investigation into the cause of a house explosion in Las Animas County that occurred on April 17, 2007, was completed at the end of May 2007. The investigation was a multi-phased project designed to determine the source of the methane that caused the explosion and to ensure that public health, safety, welfare and the environment were protected during the investigation and until mitigation of the methane seepage is achieved. The investigation and review of mitigation measures included the explosion site, a nearby residence, the Primero School and two residences near the school property. Systematic demolition and removal of the debris was conducted by T. Decker Inc., as part of its investigation into the explosion on May 21 and May 22, 2007. COGCC staff and staff from LTE Environmental were onsite to witness the investigation. After the debris and concrete slab were removed the investigation focused on locating the Trinidad MGP #1 Well. It was excavated on May 23, 2007, and was found near the southeastern corner of the crawl space of the house at a depth of approximately two feet below ground surface. The gas leaking from the Trinidad MGP #1 Well is believed to be the source of the gas that caused the explosion. A final report of the COGCC's investigation of the cause of the explosion was completed in late June 2007 and copies will be provided to interested parties.

A small well house in south-central Huerfano County was damaged by what is thought to have been a methane explosion on June 1, 2007. COGCC staff found methane gas venting from the cap of the water well. Samples of water were collected from the well by COGCC staff and the water contained over 5 mg/L of dissolved methane. COGCC staff has found methane venting from 5 other water wells within a few mile radius of the well house explosion. Five of the 6 wells that have been found to have methane are in

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one subdivision and the local property owners association and a county official have been helping locate wells in the area. COGCC has hired a third-party contractor to determine if methane is venting from any other water wells in a 14 square mile area surrounding the 6 venting wells. Comparison of isotopic composition of the methane from the water wells to isotopic composition of methane produced in the northern portion of the Raton Basin is underway and additional samples are being collected for analysis.

**Staff Organization:** Our current organizational chart shows 6 new full time employees. The Records Administration vacancy is expected to be filled at the end of July.

**Planning/Administration:** An investigation of oil and gas wells abandoned under the supervision of the COGCC Environmental Response Fund (ERF) program is being undertaken. The investigation is intended to screen for potentially hazardous environmental conditions in the vicinity of these wells. The field investigation phase was completed during the week of June 11, 2007. Final reports are being prepared.

An investigation to assess the status of permitted pits is being undertaken. The investigation is intended to determine if permitted pits are currently active or if they have been closed and adequate reclamation has been performed. The initial phase of the investigation will consist of a pilot project to evaluate strategies for determining pit status for approximately 160 permitted pits in Elbert County. Strategies developed during the pilot study will be applied in subsequent investigations statewide.

David Shelton, Mark Weems, and Karen Spray attended a meeting of concerned land owners on May 17, 2007, at the Marvel Grange Hall in Marvel, Colorado. Approximately 80 people attended the meeting, including COGCC Commissioner Kim Gerhardt, State Senator Jim Isgar, and representatives of the La Plata County Planning Department. The meeting was organized by several local land owners who had questions regarding recent drilling activity in the Red Mesa area, and was chaired by Cheryl Ayers, a past County Commissioner of La Plata County. During the meeting COGCC staff answered questions from land owners and mineral owners concerning COGCC policies and rules and regulations regarding noticing requirements, drilling practices, best management practices, and production metering practices.

Randall Ferguson and Chris Canfield attended a meeting of the Water Well Task Force Project in Rifle on June 28, 2007. Fourteen people were present, including representatives from industry. Discussion centered on the feasibility and funding of a consolidated water quality database for the Southern Piceance Basin to be constructed and maintained by the USGS. The next meeting is scheduled for 1:00 p.m. on August 21, 2007, at the Garfield County Building.

Brian Macke participated in the Delta – Gunnison County Natural Gas Collaborative Group Meeting that was held on May 16 and June 27, 2007, in Montrose, Colorado. The purpose of the meetings was to bring together representatives of the natural gas industry and federal, state, and local government officials to disseminate information about natural gas development in the area and to develop ways to address community issues and concerns with natural gas development. The group developed the concept of convening a Public Informational Forum on Gas Development Activities that was held on July 18 at the Crystal Meadows resort in the North Fork of the Gunnison River Valley.

Brian Macke participated in a panel discussion about issues related to growth of the oil and gas industry in Colorado at the semi-annual meeting of the Air Waste Management Association in Golden on May 17, 2007.

Brian Macke staffed an informational exhibit display booth at the Independent Association of Mountain States annual meeting in Vail on June 22, 2007.

Brian Macke provided a presentation on COGCC regulation at the Public Information Forum on Gas Development that was held on July 18 at the Crystal Meadows resort in the North Fork of the Gunnison River Valley. Northwest Area Supervising Engineer Jamie Adkins and Environmental Protection Specialist Chris Canfield were also present at the forum.

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Under the Policy For Onsite Inspections On Lands Where The Surface Owner Is Not A Party To A Surface Use Agreement, which was effective for Applications for Permits-to-Drill (APDs) submitted after February 15, 2005, the COGCC has received to date a total of 89 requests for onsite inspections. Eighteen onsite inspections have been conducted, 46 requests for inspections have been withdrawn, and 25 onsite inspections are pending and will be scheduled, if necessary, after the APD is received, or after issues related to local governmental designee consultation, location change, or surface use agreements are resolved. Of the 89 requests for Onsite Inspection, 48 were for locations in Weld County, 15 for Las Animas County, 7 for Adams County, 5 for La Plata County, 3 each for Boulder, Garfield, and Yuma Counties, 2 for Archuleta County and 1 each for Kiowa, Logan, and Morgan Counties.

A preliminary docket for the August 2007 hearing has been provided. Hearing dockets are available on our website by clicking on "Hearings". Links to the hearing applications and notices are available from the Docket Number and Applicant, respectively. To sign up for e-mail notification of hearing notices and applications, please see the announcement and instructions on our main web page.

A variance was granted to Berry Petroleum Company in accordance with Rule 502.b. for the Day #32-23 4N47W Well located in the SW $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 23, Township 4 North, Range 47 West, 6<sup>th</sup> P.M. The well was drilled 53 feet south of the drilling window prescribed by Well Location Rule 318B. and was shut-in when this was discovered. Waivers were obtained from the majority of offset mineral owners and no objections were received from the remaining mineral owners. An NOAV was issued for this violation.

A variance under Rule 502.b. was granted to Red River Ranch Holdings, LLC, for the RRR #13-7 R68W Well located in the NE $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 13, Township 35 South, Range 68 West, 6<sup>th</sup> P.M. The APD was approved for Raton-Vermejo Coals with a proposed total depth of 2000 feet but was drilled to 2880 feet with the producing interval extending below 2500 feet. The well encroaches the lease to the south across the New Mexico state line by 162 feet. The state of New Mexico requested that the operator obtain waivers from the mineral owner as well as the surface owner. A signed waiver was obtained from the surface owner. Attempts to obtain a waiver from the mineral owner went unanswered but no protest was received. The well was shut-in until the variance was granted.

A variance under Rule 502.b. was granted to Energen Resources for the Jaramillo 32-6 #12-2 Well located in the Section 12, Township 32 North, Range 6 West, N.M.P.M., the Candelaria 32-5 8-2 Well located in Section 8, Township 32 North, Range 5 West, N.M.P.M., and the Swanemyr 32-6 1-2 Well located in Section 1, Township 32 North, Range 6 West, N.M.P.M. Energen Resources was granted variances to Order No. 112-157 requiring bottom hole pressure build-up tests. All three of these wells are horizontally drilled to the Fruitland Coal Formation. Because these wells are horizontally drilled, it requires several months to recover gas production after these wells are shut-in for pressure testing.

A variance under Rule 502.b. was granted to Williams Production RMT Company for Order Nos. 139-38, 440-23, 479-11, 495-3, and 510-8, releasing Williams from conducting further high intensity soil surveys ("HISS") on new wellsite locations in lands subject to these 10-acre well density orders. A variance was previously granted to eliminate this requirement due to the large database of HISS already collected in the Order lands and the required yearly Reclamation Success Monitoring. Additional HISS are redundant and are not necessary for Williams to maintain a successful track record of reclamation success.

Chair Sherman introduced David Neslin as the new Assistant Director of Energy who will be working with the COGCC and other Department of Natural Resources agencies.

Assistant Attorney General's Report: Assistant Attorney General Rees provided a confidential Litigation Memorandum. Chair Sherman asked questions about the recent decision in the Vance case and also asked Attorney Ken Wonstolen to discuss his opinion on the Vance case now instead of during the Audience Comments. Mr. Wonstolen stated that COGA would like the COGCC to be an amicus in this matter, in addition to COGA being an amicus. He believes the State Engineer's Office intends to appeal decision in Supreme Court and is not clear if the decision is just within the affected Water District or throughout the state.

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Commissioner Comments: Commissioner Gerhardt welcomed her fellow new Commissioners. Vice Chair Epel commented on the preparedness of the COGCC staff at the hearing and yesterday's orientation. Commissioner Houpt asked about getting a map to indicate each hearing application area.

Audience Comments: Ken Wonstolen, attorney for COGA stated that there are 3 oil and gas trade organizations in Colorado, 1) Independent Petroleum Association of Mountain States, 2) Colorado Petroleum Association and 3) Colorado Oil and Gas Association. He briefly described his opinion on the decision in the BDS case. Mr. Wonstolen described COGA's position on how the COGCC rulemaking should be conducted and his belief that it should be a fairly formalized process similar to the Water Quality Control Commission rulemakings.

Luke Danielson, attorney for the Weldon, Kent and Warren families presented a written report from which he discussed concerns about drilling near Project Rulison. He expressed his desire to have a hearing on this matter in October. Mr. Danielson would also like to have a meeting before then to talk about the issues he has raised that would include state politicians and cabinet appointees.

Mike Wozniak, attorney representing Noble Energy has no objection to presentations being made at the October hearing but thinks that anything else at that time would not be appropriate. Noble took over operations on May 8, 2007, and Notice of Alleged Violations were issued afterwards that time, however Noble will and has begun addressing these matters.

Bill Keefe, attorney for the Koenike family, mineral owners who are very concerned about any moratorium on drilling that would affect their mineral rights.

Daniel Savage, mineral and surface owner in Garfield County, he owns minerals next to the blast site section and is vehemently opposed to changing anything regarding drilling activity near Rulison. He was in second grade and present nearby when the blast occurred.

Director Macke has been dealing with this matter since 1997 and would recommend that informational presentations be made at the October hearing for the purpose of providing an understanding to the Commission as to what has occurred to date.

Commissioner Gerhardt made a motion to have the COGCC staff coordinate a presentation at the October hearing, seconded by Commissioner Alward, and Vice Chair Epel recommended a two hour timeframe for the presentation, unanimously approved.

Consent Agenda: After a discussion on the process related to the consent agenda, a motion was made by Vice Chair Epel to approve the consent agenda, seconded by Commissioner Martin and approved unanimously for the following matters:

Cause No. 191, Docket No. 0706-SP-15, request for an order to establish a 10-acre drilling and spacing unit for certain lands in Section 36, Township 6 South, Range 92 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation from the Scott 2-36 Well.

Cause No. 139, Docket No. 0706-SP-14, request for an order to vacate the 320-acre drilling and spacing unit in the S $\frac{1}{2}$  of Section 32, Township 6 South, Range 94 West, 6<sup>th</sup> P.M. established in Order No. 139-16 and establish two (2) approximate 160-acre drilling and spacing units for production from the Williams Fork Formation, and allow one (1) well per 10 acres for said lands.

Cause No. 139, Docket No. 0706-AW-14, request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Township 7 South, Ranges 93 and 94 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation.

Cause No. 139, Docket No. 0706-AW-15, request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary

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for certain lands in Township 6 South, Ranges 93 and 94 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation.

Cause No. 440, Docket No. 0706-AW-16, request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Sections 2, 3 and 6 of Township 7 South, Range 95 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation.

Cause No. 296, Docket No. 0705-SP-16, request for an order to vacate the 640-acre drilling and spacing unit in Section 8, Township 43 North, Range 17 West, 6<sup>th</sup> P.M. established in Order No. 296-1 for production from the Lower Ismay Formation, and place said lands under the provisions of Rule 318. of the Rules and Regulations of the Commission.

Cause No. 112, Docket No. 0706-AW-17, request for an order to allow one (1) additional well for a total of up to two (2) wells to be optionally drilled in the 320-acre drilling and spacing units for certain lands in Townships 32 and 33 North, Ranges 9 through 11 West, N.M.P.M., for production from the Fruitland coal seams.

Cause No. 139, Docket No. 0706-AW-13, request for an order to allow up to eight (8) wells, the equivalent of one (1) well per 40 acres, in Section 26, Township 6 South, Range 94 West, 6<sup>th</sup> P.M., with the permitted well to be located no closer than 600 feet from the outside boundary, for production from the Wasatch Formation.

Cause No. 112, Docket No. 0706-UP-10, request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the N $\frac{1}{2}$  of Section 36, Township 33 North, Range 7 West, N.M.P.M., for the development and operation from the Fruitland coal seams.

Cause No. 191, Docket No. 0707-SP-18, request for an order to establish a 160-acre drilling and spacing unit consisting of the SW $\frac{1}{4}$  of Section 14, Township 6 North, Range 92 West, 6<sup>th</sup> P.M., for production from the Iles Formation, and allow one (1) well per 10 acres with the permitted well to be located no closer than 100 feet from the unit boundary.

Cause No. 191, Docket No. 0707-UP-17, request to pool all nonconsenting interests in the approximate 223.578-acre drilling and spacing unit consisting of certain lands in the N $\frac{1}{2}$  of Section 18, Township 6 South, Range 92 West, 6<sup>th</sup> P.M., for the development and operation of the Williams Fork and Iles Formations.

Cause No. 191, Docket No. 0707-SP-19, request for an order to establish an approximate 195-acre drilling and spacing unit in certain lands in Section 8, Township 6 North, Range 92 West, 6<sup>th</sup> P.M., for production from the Williams Fork and Iles Formations, and allow one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary.

Cause No. 112, Docket No. 0707-AW-19, request for an order to allow two (2) additional wells for a total of up to four (4) wells to be optionally drilled in the 320-acre drilling and spacing units in certain lands in Township 32 North, Ranges 5 and 6 West, N.M.P.M., for production from the Fruitland coal seams.

Cause Nos. 1 & 407, Docket No. 0707-UP-18, request for an order to establish a 160-acre drilling and spacing unit consisting of the SE $\frac{1}{4}$  SW $\frac{1}{4}$  and the SW $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 17, and NW $\frac{1}{4}$  NE $\frac{1}{4}$  and NE $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 20, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Cause Nos. 1 & 407, Docket No. 0707-UP-19, request for an order to establish a 160-acre drilling and spacing unit consisting of the SW $\frac{1}{4}$  NW $\frac{1}{4}$  and NW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 16, and NE $\frac{1}{4}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 17, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell,

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Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Cause Nos. 1 & 407, Docket No. 0707-UP-20, request for an order to establish a 160-acre drilling and spacing unit consisting of the NW $\frac{1}{4}$  of Section 20, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Cause Nos. 1 & 407, Docket No. 0707-UP-21, request for an order to establish a 160-acre drilling and spacing unit consisting of the SW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 16, the SE $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 17, the NE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 20, and the NW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 21, in Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Cause Nos. 1 & 407, Docket No. 0707-UP-22, request for an order to establish a 160-acre drilling and spacing unit consisting of the SE $\frac{1}{4}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ , and NW $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 17, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Cause Nos. 1 & 407, Docket No. 0707-UP-23, request for an order to establish a 160-acre drilling and spacing unit consisting of the S $\frac{1}{2}$  SW $\frac{1}{4}$  of Section 17 and the N $\frac{1}{2}$  NW $\frac{1}{4}$  of Section 20, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

The following matters have been continued as indicated:

Cause No. 51, Docket No. 0706-UP-11, request for an order to establish 40-acre drilling and spacing units for certain lands in Sections 23 through 26, Township 11 North, Range 53 West, 6<sup>th</sup> P.M., for production from the "O" Sand and "J" Sand Formations and to pool all nonconsenting interests in the 40-acre drilling and spacing unit consisting of the NE $\frac{1}{4}$  NW $\frac{1}{4}$  of said Section 26, was continued to the August hearing.

Cause No. 530, Docket No. 0706-UP-16, request for an order to establish 40-acre drilling and spacing units for certain lands in Sections 23 through 26, Township 11 North, Range 53 West, 6<sup>th</sup> P.M., for production from the Baxter and Nugget Formations, and to pool all nonconsenting interests in the 40-acre drilling and spacing unit consisting of the NE $\frac{1}{4}$  NW $\frac{1}{4}$  of said Section 26, was continued to the August hearing.

Cause No. 1, Docket No. 0705-AW-11, request for an order to vacate Order No. 1-41, which established a high density area for the N $\frac{1}{2}$  of Section 8, Township 1 North, Range 68 West, 6<sup>th</sup> P.M. and place the lands under the provisions of the Rules & Regulations of the Commission and applicable orders in Cause Nos. 232, 407, 493, 496 and 499, for the production of gas and associated hydrocarbons from the Cretaceous Age Formation. In the alternative the applicant is seeking an exception to the location requirements set out in Order No. 1-41, as provided in Rule 603.e.(6) or a variance under Rule 502.b., was continued to the August hearing.

Cause Nos. 139 & 510, Docket No. 0707-SP-17, request for an order to vacate the 640-acre drilling and spacing unit in Section 22, Township 7 North, Range 96 West, 6<sup>th</sup> P.M. established in Order No. 139-16, and establish 40-acre drilling and spacing units for production from the Williams Fork Formation, and allow one (1) well per 20 acres for said lands, was continued to the August hearing.

Cause No. 112, Docket No. 0707-AW-18, request for an order to allow two (2) additional wells for a total of up to four (4) wells to be optionally drilled in the 320-acre drilling and spacing unit for certain lands in Township 32 North, Range 10 West, N.M.P.M., for production from the Mesaverde Formation, was continued to the August hearing.

Cause No. 1, Docket No. 0707-GA-01, request for an order to amend or rescind Order No. 1V-238 which required re-entry and re-plugging of the Bucklen #2-34 Well, was continued to the August hearing.

Engineer Supervisor Dave Andrews presented a recommended order for funding to be approved to re-enter and re-plug 2 wells on each in Garfield and Delta Counties.

A motion was made by Commissioner Houpt to approve the emergency order, seconded by Commissioner Martin and approved unanimously.

Environmental Manager Debbie Baldwin presented a recommended emergency order.

A motion was made by Commissioner Martin to approve emergency Order No. 1E-6, seconded by Commissioner Houpt and approved unanimously.

Director Macke presented the Outstanding Operations Award Nominees to the Commission.

The meeting adjourned at 2:30 p.m.

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The Secretary was therefore authorized to issue the following orders:

Order No. 191-49, Mamm Creek Field, Garfield County: Approves the request for an order to establish a 10-acre drilling and spacing unit for certain lands in Section 36, Township 6 South, Range 92 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation from the Scott 2-36 Well.

Order No. 139-75, Rulison Field, Garfield County: Approves the request for an order to vacate the 320-acre drilling and spacing unit in the S½ of Section 32, Township 6 South, Range 94 West, 6<sup>th</sup> P.M. established in Order No. 139-16 and establish two (2) approximate 160-acre drilling and spacing units for production from the Williams Fork Formation, and allow one (1) well per 10 acres for said lands.

Order No. 139-76, Rulison Field, Garfield County: Approves the request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Township 7 South, Ranges 93 and 94 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation.

Order No. 139-77, Rulison Field, Garfield County: Approves the request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Township 6 South, Ranges 93 and 94 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation.

Order No. 440-46, Parachute Field, Garfield County: Approves the request for an order to allow the equivalent of one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the outside boundary for certain lands in Sections 2, 3 and 6, Township 7 South, Range 95 West, 6<sup>th</sup> P.M., for production from the Williams Fork Formation.

Order No. 296-2, Slick Rock Field, San Miguel County: Approves the request for an order to vacate the 640-acre drilling and spacing unit in Section 8, Township 43 North, Range 17 West, 6<sup>th</sup> P.M. established in Order No. 296-1 for production from the Lower Ismay Formation, and place said lands under the provisions of Rule 318. of the Rules and Regulations of the Commission.

Order No. 112-205, Ignacio-Blanco Field, La Plata County: Approves the request for an order to allow one (1) additional well for a total of up to two (2) wells to be optionally drilled in the 320-acre drilling and spacing units for certain lands in Townships 32 and 33 North, Ranges 9 through 11 West, N.M.P.M., for production from the Fruitland coal seams.

Order No. 139-78, Rulison Field, Garfield County: Approves the request for an order to allow up to eight (8) wells, the equivalent of one (1) well per 40 acres, in Section 26, Township 6 South, Range 94 West, 6<sup>th</sup> P.M., with the permitted well to be located no closer than 600 feet from the outside boundary, for production from the Wasatch Formation.

## RECORD OF PROCEEDINGS

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Order No. 112-202, Ignacio-Blanco Field, La Plata County: Approves the request to pool all nonconsenting interests in the 320-acre drilling and spacing unit consisting of the N $\frac{1}{2}$  of Section 36, Township 33 North, Range 7 West, N.M.P.M., for the development and operation from the Fruitland coal seams.

Order No. 191-50, Mamm Creek Field, Garfield County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the SW $\frac{1}{4}$  of Section 14, Township 6 North, Range 92 West, 6<sup>th</sup> P.M., for production from the Iles Formation, and allow one (1) well per 10 acres with the permitted well to be located no closer than 100 feet from the unit boundary.

Order No. 191-51, Mamm Creek Field, Garfield County: Approves the request to pool all nonconsenting interests in the approximate 223.578-acre drilling and spacing unit consisting of certain lands in the N $\frac{1}{2}$  of Section 18, Township 6 South, Range 92 West, 6<sup>th</sup> P.M., for the development and operation of the Williams Fork and Iles Formations.

Order No. 191-52, Mamm Creek Field, Garfield County: Approves the request for an order to establish an approximate 195-acre drilling and spacing unit in certain lands in Section 8, Township 6 North, Range 92 West, 6<sup>th</sup> P.M., for production from the Williams Fork and Iles Formations, and allow one (1) well per 10 acres, with the permitted well to be located no closer than 100 feet from the unit boundary.

Order No. 112-204, Ignacio-Blanco Field, La Plata County: Approves the request for an order to allow two (2) additional wells for a total of up to four (4) wells to be optionally drilled in the 320-acre drilling and spacing units in certain lands in Township 32 North, Ranges 5 and 6 West, N.M.P.M., for production from the Fruitland coal seams.

Order Nos. 1-115 & 407-301, Wattenberg Field, Weld County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the SE $\frac{1}{4}$  SW $\frac{1}{4}$  and the SW $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 17, and NW $\frac{1}{4}$  NE $\frac{1}{4}$  and NE $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 20, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Order Nos. 1-116 & 407-302, Wattenberg Field, Weld County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the SW $\frac{1}{4}$  NW $\frac{1}{4}$  and NW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 16, and NE $\frac{1}{4}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 17, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Order Nos. 1-117 & 407-303, Wattenberg Field, Weld County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the NW $\frac{1}{4}$  of Section 20, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Order Nos. 1-118 & 407-304, Wattenberg Field, Weld County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the SW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 16, the SE $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 17, the NE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 20, and the NW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 21, in Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

Order Nos. 1-119 & 407-305, Wattenberg Field, Weld County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the SE $\frac{1}{4}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ , and NW $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 17, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

## RECORD OF PROCEEDINGS

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Order Nos. 1-120 & 407-306, Wattenberg Field, Weld County: Approves the request for an order to establish a 160-acre drilling and spacing unit consisting of the S $\frac{1}{2}$  SW $\frac{1}{4}$  of Section 17 and the N $\frac{1}{2}$  NW $\frac{1}{4}$  of Section 20, Township 5 North, Range 65 West, 6<sup>th</sup> P.M., for production from the Sussex, Codell, Niobrara, "J" Sand or Dakota Formations, and to pool all nonconsenting interests in said unit for the development and operation of said formations.

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Patricia C. Beaver, Secretary

Approved:

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Harris Sherman, Chair