

RECORD OF PROCEEDINGS

June 11, 2009

The Oil and Gas Conservation Commission (“COGCC”) met on June 11, 2009 at 9:00 a.m. in Suite 801 of The Chancery Building, 1120 Lincoln Street, Denver, Colorado, for a hearing in Cause Nos. 112 (3 matters), 191, 232. 407 (2 matters), and 520.

Those present were:

Harris Sherman	Chair
Joshua Epel	Vice-Chair
Richard Alward	Commissioner
Tom Compton	Commissioner
DeAnn Craig	Commissioner
Mark Cutright	Commissioner
Michael Dowling	Commissioner
Trési Houpt	Commissioner
Jim Martin	Commissioner
Kelly Rosenberg	Assistant Attorney General
David Neslin	Director
Rob Willis	Acting Hearings Manager

A motion was made by Vice-Chair Epel to approve the May 2009 minutes, seconded by Commissioner Martin, and unanimously approved.

There was no report from the Executive Director.

Staff Report. Director Neslin stated that as of June 3, 2009, there were 2,497 Applications for Permits-to-Drill (“APDs”) approved. At this pace, it is estimated that approximately 5,900 APDs will be approved in calendar year 2009 using a calculation of average permits approved daily-to-date for the entire year. Last month it was decided that this was probably not a very accurate prediction, considering the number of permits pending approval at the beginning of the year and the declining rig activity. It may be more accurate to look at permits received, as opposed to permits approved. If that number is used, then the 2009 permit numbers would also be 5,900, reflecting the large number of permits that were submitted to beat the effective date of the Final Amended Rules. However, this number has declined significantly from the prediction from April 27th which was 7,230 permits for the year. The 5,900 number is a 26% decrease in permit activity over the previous record high of 8,027 APDs approved in 2008, which was 26% higher than the 6,368 APDs approved in 2007.

County	2009 (% of Total)	2008	2007	2006	2005	2004
Weld	776 (31%)	2,340	1,527	1,418	901	832
Garfield	743 (30%)	2,888	2,550	1,844	1,508	796
Mesa	255 (10%)	501	293	265	136	54
La Plata	195 (8%)	328	251	235	117	102
Rio Blanco	168 (7%)	477	321	360	161	154
Yuma	87 (3%)	545	541	798	782	237
Las Animas	55 (2%)	303	362	500	413	332
State Total	2,497	8,027	6,368	5,904	4,364	2,917

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On January 5, 2009, the Interim Policy for APDs went into effect. There were 195 permits that were received on or shortly thereafter that were postmarked prior to January 5th. These permits were accepted without the Interim Policy Form. Through April 27th there have been a total of 993 permits with 59% of the total requiring no additional environmental review. Below is a table detailing the breakdown of the permits and how they fall into the different categories of additional environmental review.

Report Period	Permits	No Additional Review		Sensitive Habitat		Restricted Surface		Riparian Area		Drinking Water Buffer Area	
Jan-09	291	188	66%	85	30%	1	0%	27	10%	12	4%
Feb-09	393	258	66%	131	33%	0	0%	30	8%	4	1%
Mar-09	1,410	720	51%	647	46%	37	3%	84	6%	60	4%
Apr-09	9	7	88%	2	13%	0		0		0	
May-09	16	0		16	100%	0		0		0	
Total	2,119	1,180	56%	881	42%	38	2%	141	7%	76	4%

The following table shows a summary of oil and gas well permits requiring new well locations that have been approved by the COGCC in 2006 and through June 3, 2009. The summary shows the number of new location permits that have been granted where the surface owner owns mineral rights, where the surface ownership has been severed from the mineral ownership, where surface use agreements have been executed on severed lands, and where surface damage bonds have been posted on severed lands.

Calendar Year	Permits For New Oil And Gas Wells	Surface Owner Party To A Mineral Lease	Surface Owner Is Not Party To A Mineral Lease	Surface Use Agreements	Total Permitted Under A Surface Use Bond	\$25,000 Blanket Surface Damage Bond	\$2,000 Individual Surface Damage Bond For Non-Irrigated Land	\$5,000 Individual Surface Damage Bond for Irrigated Land
2006	5,848	3,933 (67%)	1,915 (33%)	1,223 (21%)	692 (12%)	689 (12%)	3 (<1%)	0 (0%)
2007	6,335	3,876 (61%)	2,459 (39%)	1,558 (25%)	901 (14%)	900 (14%)	1 (<1%)	0
2008	7,974	4,741 (59%)	3,233 (41%)	2,152 (27%)	1,081 (14%)	1,075 (13%)	3 (<1%)	3 (<1%)
2009	2,490	1,586 (64%)	904 (36%)	607 (24%)	297 (12%)	293 (12%)	2 (<1%)	2 (<1%)

Northwest Colorado: The Northwest Colorado Oil and Gas Forum (“Forum”) is an informal gathering of local, state, and federal government officials, oil and gas industry representatives, and citizens that have met regularly since 1989. The purpose of the Forum is to share information about oil and gas development in northwest Colorado and to make government officials and oil and gas industry representatives easily accessible to the public. Currently the meetings are conducted once per quarter and are co-chaired by COGCC’s Director, Dave Neslin, and Garfield County Commissioner, Mike Samson. The next meeting is scheduled for September 3, 2009.

On June 12, 2008, COGCC staff issued a *Notice to Operators Drilling Wells within 3/4 Mile of the Rim of the Roan Plateau in Garfield County, Pit Design, Construction, and Monitoring Requirements* (“NTO”). The NTO acknowledges the continued need for the use of pits in the Area of Concern defined in the NTO and the potential problems and environmental impacts that can occur even when

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a closed loop or semi-closed loop system is used. Nonetheless, the NTO encourages continued infrastructure development, and the evaluation and use of alternatives to pits. The NTO includes specifications for designing, constructing, lining, operating, maintaining, monitoring, permitting, and closing pits. Because of recent releases within and outside of the Area of Concern, COGCC staff is collecting additional data and considering an expansion of the Area of Concern.

The three operators currently holding most of the oil and gas leases within 3 miles of the Project Rulison test site (Noble Energy, Inc., Williams Production RMT, and EnCana Oil & Gas (USA)) and a third-party consultant, URS Corporation ("URS"), have developed the Rulison Sampling and Analysis Plan ("RSAP"), a comprehensive operational and environmental monitoring, and radiological incident management plan for drilling and production activities within a 3-mile radius of the test site. The current RSAP (Revision 2.0) and all other documents related to Project Rulison and activities are available on the COGCC website, within the Library section under Piceance Basin Area Reports/Data.

The RSAP will be modified as needed to reflect lessons learned through its implementation. As previously reported, COGCC staff met with the operators on November 19, 2008, to discuss possible revisions. Subsequently, a small technical working group met on December 4, 2008, to discuss such revisions in greater detail. The 3rd and 4th Quarter 2008 Operational and Monitoring Reports for activities subject to the RSAP have been reviewed by staff and posted to the COGCC website.

Southwest Colorado: Ongoing investigation, reclamation and mitigation of residual methane in the vicinity of the Bryce 1-X Well area, near Bondad, Colorado continues. The next sampling round is scheduled for August 2009.

The next Gas and Oil Regulatory Team ("GORT"), Southwest Colorado Oil and Gas Stakeholders meeting is tentatively scheduled for July 16, 2009, at 8:30 am at the La Plata County Fairgrounds in Durango, Colorado.

As part of the Fruitland Formation Outcrop Mitigation and Monitoring Project ("4M Project"), the Colorado Geological Survey ("CGS") is finalizing a detailed geologic map of the Fruitland Formation outcrop in Archuleta County. This work is similar to mapping done in 1999-2000 by the CGS as part of the Fruitland Formation Outcrop Monitoring ("3M Project"). The work included mapping the surface expression of the uppermost Cretaceous units, Pictured Cliffs Sandstone, Fruitland Formation, Kirtland Shale, along the rim of the San Juan Basin in Archuleta County between the La Plata-Archuleta County line and the northern boundary of the Southern Ute Indian Reservation. The final map and associated report will be posted to the website shortly after receipt from the CGS.

Drilling and installation of monitoring wells for the 4M Project in Archuleta County was completed in the fall of 2008. Due to constraints imposed by weather and seasonal construction restrictions, site reclamation is expected to occur in the spring of 2009.

Pressure monitoring devices were installed during the week of December 1, 2008. Pressure data are being collected at 8-hour intervals and being transmitted via satellite to the InSitu, Inc. data management system in Fort Collins, where COGCC staff are able to access the data over the Internet.

Equipment installation began the week of April 6, 2009, at both 4M Outcrop Mitigation Pilot Project locations in La Plata County. Construction of equipment sheds and installation of underground power lines was completed in mid-April and placement of the pilot test equipment is proceeding. Operation is anticipated to begin this month and testing of the systems will continue for one year. The equipment enclosures are soundproofed and painted in a visibly neutral manner to lessen impacts to surrounding property owners. Re-vegetation actions taken last fall are showing signs of success, with new grass visible at both locations. Alternative reclamation may be necessary on the east side of

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South Fork Texas Creek; however, snowmelt from the north-facing slope ponded on the subsurface liner and flooded the near-creek locations. Re-vegetative success will be monitored at both locations throughout the summer.

A Request For Proposal (“RFP”) for the 4M Monitoring Well Installation–La Plata County Colorado (PHA-950) was posted on April 13, 2009. A mandatory pre-bid onsite meeting was held on April 22, 2009. The pre-bid meeting was attended by representatives from a dozen consulting firms, 3 drilling companies, and several representatives from construction, reclamation, and well completion companies. During the pre-bid meeting, prospective proposers visited all 5 of the potential well sites. COGCC and DNR procurement staff answered and recorded questions at each location. COGCC continues to negotiate with private surface owners to finalize access agreements. Bids are due on May 18, 2009, and a contractor will be selected after that. Pending contractual negotiations, it is anticipated that drilling activities will begin sometime during the summer of 2009.

COGCC has contracted with InSitu, Inc. to upgrade the existing 7 La Plata County Outcrop monitoring wells to the same telemetry system that is being used in the Archuleta County monitoring program and that will also be used in the new La Plata County monitoring program. The original telemetry system used in the 3M Outcrop monitoring project became obsolete in 2007 when the communication network was upgraded from analog to digital technology and data downloads have been conducted manually since that time. Once complete, all outcrop monitoring wells will be on the same telemetry system allowing once again for real-time evaluation of data.

With regards to the Fruitland Formation Outcrop Monitoring Project (“3M Project”), the January 2009 monitoring report is available on the COGCC website.

Steve Lindblom and Karen Spray have been participating in the Northern San Juan Basin Groundwater Model Technical Advisory Group (“NSJB TAG”). The NSJB TAG consists of experts in hydrogeology, groundwater modeling, geology, and water resources from industry, the CGS, the COGCC, the Colorado State Engineers Office, and the Colorado School of Mines. The NSJB TAG has been meeting on a monthly basis since June 2008 to discuss technical issues related to a numerical groundwater model for the Northern San Juan Basin being developed by NAH on behalf of several operators.

Northeast Colorado: Many oil and gas wells and associated production facilities permitted by the COGCC have accesses onto Weld County Roads. However, the location and construction of many of these accesses have not been reviewed by the Weld County Department of Public Works for public safety concerns. Weld County requires access permits for all such accesses.

Public safety issues associated with oil and gas facility traffic at these county road access points include sight distances, posted speed limits, road quality (paved vs. graded gravel), restricted bridges, coordination with other driveways and access points, and consideration of heavy truck hauling. Planning issues include allowance for future road widening and insufficient setbacks from the future rights-of-way. Conversion of seasonal farm field accesses to a year-round oil and gas driveways is sometimes inappropriate, especially for long-term facility (tank battery) accesses by tanker trucks and work-over rigs.

For these reasons, and the public’s safety on county roads, Weld County requests that oil field operators contact the County early in their planning process, prior to negotiation of access points with surface owners to ensure that safe accesses are selected.

In 2008 the COGCC investigated a surface owner complaint in Weld County alleging that trees had been damaged by the application of certain herbicides used by an operator to control weeds. Cuttings from the damaged trees were taken to the Plant Diagnostic Clinic at Colorado State University. Soil samples were also collected within the drip line of the affected trees. After examining the plant

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specimens and reviewing pictures of the trees and surrounding area, experts at the diagnostic clinic concluded that the damage to the trees was consistent with herbicide injury. The operator was very cooperative and has made the appropriate changes to its weed management plan and has settled this matter with the landowner.

Based on this case, the COGCC would like to encourage all operators to review their weed management practices to ensure that herbicides are being applied properly in accordance with the manufacturer's directions. In addition, employees should be properly trained in the application of these products as well as the associated health and safety hazards. While it is very important to control noxious weeds at oil and gas locations, it is also very important to prevent potential adverse impacts to the environment that can be caused by the improper use of herbicides.

Sampling of the Ellsworth water well in September 2008 and March 2009 indicated that this water well contains what appears to be a combination of biogenic and thermogenic methane gas. The source of the thermogenic gas is being investigated and may be attributable to oil and gas related activities near the water well.

In response to concerns from other area residents near the towns of Ft. Lupton and Hudson regarding the potential for ignitable quantities of flammable gas in their water wells, the COGCC conducted a public meeting on March 27, 2009, in Hudson. As the result of concerns regarding the presence of methane gas in water wells completed in the Laramie/Fox Hill Aquifer in southern Weld County (Ft. Lupton – Hudson Area), the COGCC has sampled the Ellsworth and 13 other water wells, for a total of 14 water wells.

Thirteen water wells sampled between March 25, 2009, and April 7, 2009, in response to landowner requests are located across an approximately 170 square mile area that extends some distance from the Ellsworth water well. The COGCC has received gas composition and stable isotopic results for the 13 wells sampled by the COGCC. Analytical results demonstrate that 11 of the wells contain biogenic, or biological generated methane gas; one water well contains only a trace amount of methane and stable isotope analysis was not performed on this sample; and one well sampled contains possible thermogenic methane gas. The sample that contains possible thermogenic gas was collected from a water well located approximately 6 miles to the southwest of the Ellsworth water well and the COGCC will continue to investigate the sources of the gas in both wells.

Noble Energy and Anadarko/Kerr McGee have collected (jointly) samples from the 15 water wells at the request of the water well owners. Twelve of these water wells are all located within approximately one mile of the Ellsworth water well, and the remaining 3 wells are located several miles to the south and east of the Ellsworth's property.

The COGCC has received gas composition, methane isotope, and general water quality results for all 15 water wells sampled by Noble Energy/Anadarko/Kerr McGee. Based on the gas composition and methane isotope results, 6 water wells did not contain methane or any other hydrocarbon gases and the other 9 water wells sampled contain biogenic or biological generated methane gas. None of these wells contained thermogenic gas. The sample results along with letters discussing the results have been sent by COGCC staff to the 28 well owners.

The COGCC will begin operations to re-enter and re-plug the Powers #1 Well on May 26, 2009. This well was drilled and plugged in 1947 and is considered to be a possible source of or conduit for migration of thermogenic gas. This well is located approximately 800 feet southwest of the Ellsworth water well and was drilled to a recorded depth of 1,006 feet. The re-entry and plugging operation should take approximately one week and is estimated to cost \$30,000. If gas is encountered in the Powers #1 Well, then an attempt will be made to collect a sample for composition and stable isotope analysis.

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Southeast Colorado: One monitoring well, four recovery, and eight injection wells have been drilled, completed and tested by Petroglyph Energy Inc. ("PEI") as part of Phase 1 of the Methane Investigation, Monitoring and Mitigation Plan ("MIMMP") in Huerfano County. Treatment under Phase 1 consists of physically separating dissolved methane from the recovered ground water using a vertical separator. The methane is sent to a controlled flare for combustion. Operation of the pump, treatment, and injection system started on December 8, 2008. More than 2.8 million gallons of water had been pumped to the surface and treated as of April 27, 2009. More than 95% of that water had been re-injected into the aquifer after treatment.

PEI has applied to the Bureau of Land Management ("BLM") for permission to drill an exploratory well in the vicinity of the impacted water well located in Section 15, Township 29 South, Range 67 West, 6th P.M. This impacted water well is located more than one mile south of the ring of injection wells. The exploratory hole will assist in determining if gas is present, at what level the gas occurs, and whether additional venting or treatment is needed at that location. A decision by BLM is anticipated in the near future. Petroglyph has received permission from the Division of Water Resources to drill a monitoring well at this site.

Gas flows are monitored at four domestic wells by PEI or its consultant and at two domestic wells by COGCC and its consultant. Overall gas flow has decreased in all monitored domestic wells.

During the period from January 22, 2009, to February 27, 2009, NAH and PEI screened 76 domestic water wells for the presence of methane with hand-held methane detectors for changes in percent volume of methane, %LEL, and %O₂; 57 of the monitored wells showed little change from the previous month's monitoring, 10 wells showed increases in methane concentration, and nine wells showed decreases in methane concentration.

PEI is currently supplying water to 15 homes upon request of the well owner. Methane alarms have been installed in 14 homes.

Within the next month the EPA is expected to issue draft permits for public comment with respect to PEI's applications to allow the injection of Vermejo Formation water produced from coalbed methane ("CBM") wells. PEI has submitted an application to the Division of Water Resources to ask for changes to water sources and injection as part the process of initiating Phase II. Approval to operate some of PEI's CBM wells by the Director would also be needed to initiate Phase II.

Public outreach: Director Neslin and Marc Fine, COGCC IT Manager, attended the May Interstate Oil and Gas Compact Commission (IOGCC) Conference in Anchorage, Alaska, and presented materials associated with the recent rulemaking and implementation of the new rules.

The Commission will convene its July hearing in Glenwood Springs and the agenda will include a informational session on the Rulison Project blast site. COGCC Staff will conduct a public meeting in Parachute to discuss oil and gas development in or near the Battlement Mesa PUD.

HB 07-1298 and HB 07-1341 Rulemaking Update: On December 11, 2008, the COGCC also adopted an Interim Policy for Applications for Permits-to-Drill (APDs). The policy covers APDs submitted during the interim period between January 5, 2009, and the effective date of the Final Amended Rules (*i.e.*, April 1, 2009, for non-federal lands, and July 1, 2009, for federal lands). The policy requests operators to identify whether each APD submitted during the interim period falls within one or more of the following areas: (1) drinking water protection area; (2) restricted surface occupancy area; (3) sensitive wildlife habitat area; and (4) riparian areas. The Interim Policy will remain in effect for riparian areas until the Commission conducts additional rulemaking to address riparian area protection.

On May 7, 2009, the proposed amendment to Rule 503.b.(7) was duly noticed for rulemaking hearing, and approved by the Commission. Subparts (D) and (E) were deleted from Rule 503.b.(7), said

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amendment effectively eliminating the ability of CDPHE and CDOW to seek appeal of the approval of APDs. Chair Sherman directed CDPHE and CDOW staff to provide periodic updates on the manner in which their recommendations were being considered in the COGCC approval process.

On May 30, 2009, a permanent rulemaking hearing was held to modify Rule 201A, which resulted in the effective date of the Final Amended Rules being changed from May 1, 2009, to July 1, 2009, on federal lands.

COGCC Staff has initiated stakeholder meetings to address gas measurement practices under a new rulemaking.

The Draft MOU with BLM and USFS will be posted to the COGCC website by noon on June 11, 2009, and the MOU will be considered by the Commission at a Special Hearing scheduled for June 24, 2009.

Details of all rulemaking hearings can be found on the homepage of the Commission's website at: www.colorado.gov/cogcc.

Miscellaneous Requests for APD Hearings: On March 20, 2009, Luke Danielson, on behalf of the San Luis Valley Citizens Alliance, *et al.*, filed an "Amended Petition for Hearing, Protest, and Objection to the Approval of Applications for Permit to Drill within Baca National Wildlife Refuge and Motion to Intervene." The petition seeks a Commission hearing on pending APDs filed by Lexam Explorations (USA) Inc. within the Baca National Wildlife Refuge. Based on the determination that the petitioners lacked standing, the Director issued Mr. Danielson a letter indicating that the petition would not be docketed for an adjudicatory hearing, however the comments and objections would be considered by the Director prior to approval of the APDs.

On March 30, 2009, Mr. Danielson, on behalf of the Grand Valley Citizens Alliance, *et al.*, filed a "Petition for Hearing and Appeal Regarding Director's Determination to Deny Hearing on Drilling Permits" seeking a Commission hearing on pending APDs located near the Rulison blast site. Acting in accordance with past direction from the Commission based on the determination that the petitioners lacked standing, the Director issued Mr. Danielson a letter indicating that the petition would not be docketed for an adjudicatory hearing, however the comments and objections would be considered by the Director prior to approval of the APDs.

On March 30, 2009, Mr. Danielson, on behalf of the Grand Valley Citizens Alliance, *et al.*, filed a "Petition for Hearing, Protest, and Objection to the Approval of Applications for the Permit to Drill Near Rulison Blast Site and Motion to Intervene" seeking a Commission hearing on pending APDs located near the Rulison blast site. Acting in accordance with past direction from the Commission based on the determination that the petitioners lacked standing, the Director issued Mr. Danielson a letter indicating that the petition would not be docketed for an adjudicatory hearing, however the comments and objections would be considered by the Director prior to approval of the APDs.

On April 20, 2009, Mr. Danielson, on behalf of the Southwest Colorado Surface Owners' Alliance, filed a "Petition for Hearing, Protest, and Objection to the Approval of Application for Permit to Drill Within the Gothic Shale Formation in Dolores County and Motion to Intervene" seeking a Commission hearing on pending APDs filed by Bill Barrett Corporation. Based on the determination that the petitioners lacked standing, the Director issued a letter indicating the petition would not be docketed for an adjudicatory hearing, however, the comments and objections would be considered by the Director prior to approval of the APDs.

The Denver District Court recently issued a ruling dismissing a lawsuit filed by Mr. Danielson, on behalf of the Grand Valley Citizens Alliance, *et al.*, challenging the approval of certain APDs filed in the area of the Rulison blast site. Director Neslin stated that Mr. Danielson, during the Public

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Comment period of today's hearing, will address the Commission and explain why he feels the Commission should conduct a hearing on his applications, and that those operators affected by Mr. Danielson's requests will have an opportunity to respond.

A preliminary docket for the May 2009 hearing was provided.

A variance for the grey area of 317B was granted on May 15, 2009, with the approval of an Application for Permit-to-Drill the BP Davis GU 01-28 #2 Well located in NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 28, Township 35 North, Range 8 West, 6th P.M. in La Plata County.

Report from the Assistant Attorney General. AAG Kelly Rosenberg reported that motions have been filed in *James R. Carnahan and Colleen Carnahan v. COGCC, et al.*, Case No. 09CV0614, wherein the complainants have requested declaratory judgment for alleged violations of the Oil and Gas Conservation Act and the APA. On May 4, 2009, the Denver District Court entered its decision in *Grand Valley Citizens' Alliance, et al., v. COGCC, et al.*, Case No. 08CV10869, effectively dismissing the lawsuit, and that a Notice of Appeal was filed by the plaintiffs in that matter. Lastly, the COGCC has filed its answer to the lawsuit filed by the Colorado Oil & Gas Association ("COGA") regarding the Final Amended Rules (COGA v. COGCC, Denver District Court, Division 2, Case No. 09CV4435).

Comments from the Commissioners. Commissioner Houpt will not participate in Commission deliberations on issues involving the Battlement Mesa PUD in Garfield County due to her participation in related matters as a Garfield County Commissioner. She also reported that she attended a royalty owner meeting in Parachute.

Commissioner Cutright requested that well spuds be reported to the Commission at each hearing. He also noted that the number of field inspections and NOAVs are decreasing. COGCC Staff responded that this trend may be due to new staff being trained and on renewed compliance with rules by state operators. Commissioner Cutright was also concerned with observation that numerous APDs were returned to the operators as incomplete. COGCC Staff responded that this was due to implementation of new rules and missing/incomplete information provided by operators.

Consent Agenda. Vice-Chair Epel moved to approve all matters set forth under the Consent Agenda, seconded by Commissioner Cutright, and approved unanimously. The following matters were approved:

Cause No. 112, Docket No. 0905-AW-02, La Plata County, request for an order to allow up to four optional infill wells in the existing 320-acre drilling and spacing unit, with the permitted well to be located no closer than 660 feet from the unit boundary and no setback to interior quarter section line, for the S $\frac{1}{2}$ of Section 20, Township 33 North, Range 8 West, N.M.P.M., for the production of gas and associated hydrocarbons from the Fruitland coal seams.

Cause No. 112, Docket No. 0906-AW-04, Archuleta County, request for an order to allow up to two optional infill wells, for a total of up to 4 wells, in the existing 320-acre drilling and spacing unit, with the permitted well to be located no closer than 660 feet from the unit boundary and no setback to any interior quarter section line, for the N $\frac{1}{2}$ of Section 12, Township 32 North, Range 6 West, N.M.P.M., for the development and operation of the Fruitland coal seams.

Cause No. 520, Docket No. 0906-EX-02, Huerfano County, request for an order allowing an exception to the permitted location for the Cougar No. 1 Well located 565 feet FNL and 2,059 feet FWL in the NW $\frac{1}{4}$ of Section 9, Township 29 South, Range 69 West, 6th P.M., for the production of gas and associated hydrocarbons from the Dakota and Entrada Formations.

Cause No. 191, Docket No. 0906-EX-03, Garfield County, request for an order to allow an exception to the permitted well location for wells to be located less than 600 feet from the

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boundary of the Gibson Gulch Federal Unit for certain lands in Sections 19 through 21 and 28 through 33 in Township 6 South, Ranges 91 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles Formation.

Cause No. 407, Docket No. 0906-UP-04, Weld County, request for an order to establish various drilling and spacing units and wellbore spacing units for certain lands located Sections 7 and 18, Township 5 South, Range 66 West, 6th P.M., for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations, and to pool all nonconsenting interests in said units, for the development and operation of the Codell and Niobrara Formations.

Cause No. 407, Docket No. 0906-UP-07, Weld County, request for an order to establish three approximate 160-acre wellbore spacing units for certain lands located in Section 30, Township 5 North, Range 64 West, 6th P.M., for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations, and to pool all nonconsenting interests in said units, for the development and operation of the Codell and Niobrara Formations.

Cause No. 112, Docket No. 0906-UP-08, La Plata County, request for an order to pool all nonconsenting interests in the established 320-acre drilling and spacing unit for the N½ of Section 22, Township 33 North, Range 8 West, N.M.P.M., for the development and operation of the Fruitland coal seams.

Cause No. 232, Docket No. 0906-UP-09, Weld County, request for an order to segregate the existing 320-acre drilling and spacing unit into two 160-acre drilling and spacing units consisting of the NW¼ and SW¼ of Section 21, Township 5 North, Range 67 West, 6th P.M., for production of gas from the "J" Sand Formation, and pool all nonconsenting interests in said units, for the development and operation of the "J" Sand Formation.

The following matters have been continued to the July 2009 hearing:

Cause No. 407, Docket No. 0906-UP-05, Weld County, request for an order to establish two approximate 160-acre wellbore spacing units for certain lands located in Section 30, Township 5 North, Range 64 West, 6th P.M., and Section 25, Township 5 North, Range 65 West, 6th P.M., for production of oil from the Codell and Niobrara Formations, and to pool all nonconsenting interests in said units, for the development and operation of the Codell and Niobrara Formations.

Cause No. 407, Docket No. 0906-UP-06, Weld County, request for an order to establish two approximate 160-acre wellbore spacing units for certain lands located in Section 14, Township 5 North, Range 67 West, 6th P.M., for production of oil from the Codell and Niobrara Formations, and to pool all nonconsenting interests in said units, for the development and operation of the Codell and Niobrara Formations.

Cause No. 191, Docket No. 0903-UP-03, Garfield County, request for an order to pool all nonconsenting interests in the 80-acre drilling and spacing unit for the E½ NE¼ of Section 11, Township 6 South, Range 93 West, 6th P.M., for the development and operation of the Williams Fork, Iles and Mancos Formations.

Cause No. 1, Docket No. 0809-GA-01, Adams County, request for an order to designate Barr Lake State Park as a Designated Outside Activity Area.

Comments from the Audience. Director Neslin set out the issue presented to the Commission regarding the continuing requests by special interest groups that the Commission hold hearings on various APDs filed by operators as provided for by Rule 502.a., and gave the staff response following the submission of those statements set forth below.

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Leslie Robinson, Rifle, a member of Grand Valley Citizens Alliance gave a statement in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Dave Devanie, Battlement Mesa, gave a statement in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Lisa Siriak, a member of San Luis Valley Citizens Alliance, spoke in opposition of APDs granted in the Baca National Wildlife Refuge.

Erin Johnson, a land use attorney from Dolores County, gave a statement in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Karen Schlom, Cahone resident and a member of the Southwest Colorado Surface Owners Alliance gave a statement in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Duke Cox, Public Council for the Rockies, spoke in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Michael Freeman, Colorado Environmental Coalition, spoke in favor of the Commission conducting a hearing on APDs in the Baca National Wildlife Refuge and near the Project Rulison blast site under Rule 502.a.

Matt Surra, law student and former employee of Western Colorado Congress, gave a statement in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Jan Erickson, Cahone resident and a member of the Southwest Colorado Surface Owners Alliance gave a statement in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Jeanne Babin, Cahone resident and a member of the Southwest Colorado Surface Owners Alliance gave a statement in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Luke Danielson, attorney for various citizens groups, spoke in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Martha Tierney, attorney for various citizens groups, spoke in favor of the Commission conducting a hearing on APDs under Rule 502.a.

Leslie Taylor, Cahone resident and a member of the Southwest Colorado Surface Owners Alliance gave a statement in opposition of APDs issued in the Gothic Shale Formation in Dolores County.

David Bailey, attorney for Lexam Explorations (USA) Inc., spoke in opposition to the Commission conducting a hearing on APDs issued in the Baca National Wildlife Refuge under Rule 502.a.

Mike Wozniak, attorney for Noble Energy, Inc., spoke in opposition to the Commission conducting a hearing on APDs issued in the area of Project Rulison under Rule 502.a.

Bill Keefe, attorney for Laramie Energy and Bill Barrett Corporation, spoke in opposition to the Commission conducting hearings on APDs issued in the area of Project Rulison and in the Gothic Shale in Dolores and Montezuma Counties.

Cause No. 1V, Docket No. 0906-OV-08, Cheyenne County. Carol Harmon, COGCC Enforcement Officer, requested that the matter requesting an order finding violation by Samotlor Petroleum Investments, LLC in violation of Rule 319.b.(1), Rule 319.b.(4), and Rule 326.a.(4), for the

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Golden Hammer Lowe "H" #2 Well located in the SE¼ NW¼ of Section 18, Township 16 South, Range 44 West, 6th P.M., be continued to the July hearing to consider a proposed settlement.

Report on the Ramifications of the Vance Decision. John Cyran, First AAG for the Division of Water Resources, gave a presentation regarding the impact of the Vance decision on the COGCC through coalbed methane produced water.

The hearing adjourned at approximately 1:45 p.m .

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The Secretary was therefore authorized to issue the following orders:

Order No. 112-217, Ignacio-Blanco Field, La Plata County: Approves the request for an order to allow up to four optional infill wells in the existing 320-acre drilling and spacing unit, with the permitted well to be located no closer than 660 feet from the unit boundary and no setback to interior quarter section line, for the S½ of Section 20, Township 33 North, Range 8 West, N.M.P.M., for the production of gas and associated hydrocarbons from the Fruitland coal seams.

Order No. 112-218, Ignacio-Blanco Field, Archuleta County: Approves the request for an order to allow up to two optional infill wells, for a total of up to 4 wells, in the existing 320-acre drilling and spacing unit, with the permitted well to be located no closer than 660 feet from the unit boundary and no setback to any interior quarter section line, for the N½ of Section 12, Township 32 North, Range 6 West, N.M.P.M., for the development and operation of the Fruitland coal seams.

Order No. 520-6, Oakdale Field, Huerfano County: Approves the request for an order allowing an exception to the permitted location for the Cougar No. 1 Well located 565 feet FNL and 2,059 feet FWL in the NW¼ of Section 9, Township 29 South, Range 69 West, 6th P.M., for the production of gas and associated hydrocarbons from the Dakota and Entrada Formations.

Order No. 191-65, Mamm Creek Field, Garfield County: Approves the request for an order to allow an exception to the permitted well location for wells to be located less than 600 feet from the boundary of the Gibson Gulch Federal Unit for certain lands in Sections 19 through 21 and 28 through 33 in Township 6 South, Ranges 91 West, 6th P.M., for the production of gas and associated hydrocarbons from the Iles Formation.

Order No. 407-331, Wattenberg Field, Weld County: Approves the request for an order to establish various drilling and spacing units and wellbore spacing units for certain lands located Sections 7 and 18, Township 5 South, Range 66 West, 6th P.M., for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations, and to pool all nonconsenting interests in said units, for the development and operation of the Codell and Niobrara Formations.

Order No. 407-332, Wattenberg Field, Weld County: Approves the request for an order to establish three approximate 160-acre wellbore spacing units for certain lands located in Section 30, Township 5 North, Range 64 West, 6th P.M., for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations, and to pool all nonconsenting interests in said units, for the development and operation of the Codell and Niobrara Formations.

Order No. 112-219, Ignacio-Blanco Field, La Plata County: Approves the request for an order to pool all nonconsenting interests in the established 320-acre drilling and spacing unit for the N½ of Section 22, Township 33 North, Range 8 West, N.M.P.M., for the development and operation of the Fruitland coal seams.

Order No. 232-250, Wattenberg Field, Weld County: Approves the request for an order to segregate the existing 320-acre drilling and spacing unit into two 160-acre drilling and spacing units consisting of the NW¼ and SW¼ of Section 21, Township 5 North, Range 67 West, 6th P.M., for

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production of gas from the "J" Sand Formation, and pool all nonconsenting interests in said units, for the development and operation of the "J" Sand Formation.

Approved:

Robert A. Willis, Acting Secretary

Harris Sherman, Chair