

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION)	CAUSE NO. 1
AND ESTABLISHMENT OF FIELD RULES TO)	
GOVERN OPERATIONS IN THE WATTENBERG)	DOCKET NO. 0705-AW-11
FIELD, WELD COUNTY, COLORADO)	

NOTICE OF CONTINUATION OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On September 29, 1993, the Commission issued Order No. 1-41, which designated the N½ of Section 8, Township 1 North, Range 68 West, 6th P.M. as a high density area and imposed the following Rule 603. requirements in place at the time for any well drilled in the above-described lands:

- A. Surface locations of wellheads shall be located not less than 350 feet from any dwelling or facility as defined above.
- B. Production tanks and/or associated on-site production equipment shall be located not less than 350 feet from any dwelling or facility as defined above.
- C. All pumps, pits, wellheads and production facilities shall be adequately fenced to prevent access by unauthorized persons.
- D. Each Survey plat accompanying an Application for Permit-to-Drill shall, in addition to the requirements of Rule 303, include the following information:

1. All visible improvements within 350 feet of a well location must be physically tied in and plotted on the survey plat with a horizontal distance to the well location. Visible improvements include all dwellings and facilities as described above, public roads, major above-ground utility lines, railroads, pipelines, mines, oil or gas wells, injection wells, water wells, bodies of water, and natural channels through which water may flow. Surface uses must be described, and all surface property boundaries defined.

2. An 8.5" x 11" copy of the most current 1:24,000 scale topographic map of the area.

3. A lease map showing all individual leases in the drilling unit, identifying the lessee, lessor and surface ownership.

- E. Any equipment used in the drilling, completion or production of a well shall comply with C.R.S. 25-12-103, Maximum Permissible Noise Levels.
- F. All operations associated with the drilling, completion or production of a well shall comply with C.R.S. 25-7-101, Colorado Air Quality Control Act, as it applied to fugitive dust and venting or flaring of natural gas.
- G. If applicable, and where possible, development or multiple reservoirs by drilling on existing pads or by multiple completions or commingling in existing wellbores is required.
- H. All other setbacks or safety requirements set out in the Colorado Oil and Gas Conservation Commission Rules and Regulations shall apply.

2(a). Exceptions to the location requirements set out in 1(A) and 1(B) may be granted by the Director if a copy of waivers from each owner of a dwelling or facility within 350 feet of the proposed location is submitted as part of the Application for Permit-to-Drill, and the proposed location complies with other safety requirements of the Rules and Regulations. An election by the owner to build a house less than 350 feet from an existing well, constitutes an election to waive the 350 foot setback rule.

On March 20, 2007, Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee"), by its attorney, filed with the Commission a verified application for an order to vacate Order No. 1-41 and

allow the drilling of wells in conformity with Rule 318A. and any applicable orders in Cause No. 232 or, in the alternative, grant an exception to the location requirements set out in Order No. 1-41, as provided in Commission Rule 603.e.(6) of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission. Applicant contends that the N½ of Section 8, Township 1 North, Range 68 West, 6th P.M. is not a high density area as defined by the Commission rules.

On April 25, 2007, Parkland Estates Homeowners' Association, Inc., Nawal Sharma and Vibha Sharma, by their attorney, filed with the Commission a protest to the application. Between April 1, 2007 and May 3, 2007, fifty-eight homeowners in Parkland Estates filed letters of protest to the application. On April 30, 2007, Willow Spring Estates Homeowners Association filed with the Commission an intervention to the application, and on April 26, 2007, Park Lake Estates Homeowners Association filed with the Commission an intervention to the application. On April 24, 2007, seven residents of Cathy's Pond Subdivision filed with the Commission a letter of concern regarding the application.

On April 30, 2007 a prehearing conference was held with the parties, prior to the hearing on the application on May 10, 2007. At the time of the prehearing conference a Motion for Summary Judgment was filed with the Commission by Parkland Estates Homeowners' Association, Inc., Nawal Sharma and Vibha Sharma. On May 3, 2007, a Motion for Bifurcation of Issues or Continuance was filed with the Commission by Parkland Estates Homeowners' Association, Inc., Nawal Sharma and Vibha Sharma. On May 4, 2007, a Response in Opposition to Motion for Summary Judgment and a Response in Opposition to Motion for Bifurcation was filed with the Commission by Kerr-McGee. On May 8, 2007, a Reply in Support of Motion for Summary Judgment was filed by Parkland Estates Homeowners' Association, Inc., Nawal Sharma and Vibha Sharma.

At the time of the hearing on May 10, 2007, after reviewing the Kerr-McGee application to vacate the prior high density order or find a waiver of the 350-foot setback requirement, and the supporting documentation, the protests to the application, the motions to intervene and other statements of interest, the motion for summary judgment and the associated response and reply, the Commission on its own motion determined that the matter should also be heard as a request for a variance under Rule 502.b. and directed the parties to prepare and proceed accordingly.

The applicant Kerr-McGee agreed to amend its current application to include a request for a variance under Rule 502.b. and that it would, depending in part on its ability to timely access the property in question for surveying purposes, attempt to submit a variance proposal to the Commission within two weeks.

The Commission ordered that any delay in securing such access, or any other issue that might otherwise affect the timely submission of the variance proposal be reported to it by the applicant so that the Commission could take action as might otherwise be necessary to facilitate the development and submittal of a variance proposal. The Commission ordered that a written status report, including a report on the status of the variance proposal and discussions between the parties, be submitted to it by June 8, 2007, prior to its June hearing, so that the status of the application could be discussed by the Commission at that time.

The Commission had at that point decided to withhold any ruling on the motion for summary judgment and the legal issues addressed therein until after it held further hearings and heard evidence on the application; and the Commission continued the matter until its hearing in July to allow the parties to discuss the variance proposal and to otherwise prepare for and address the variance proposal as part of the application before the Commission.

On May 24, 2007, Kerr McGee, by its attorneys, filed with the Commission a status report to update the Commission, Commission staff, Protestants/Objectors as to the continuing work on the amendment to the application and the ongoing discussions with the surface owners.

On June 15, 2007, Kerr McGee, by its attorneys, filed with the Commission a written request to continue the matter to the August hearing. On June 19, 2007, Parkland Estates Homeowners' Association, Inc., Nawal Sharma and Vibha Sharma, by their attorney, filed with the Commission a written consent to the continuation; accordingly, the hearing in this matter was continued.

On July 2, 2007, Kerr McGee, by its attorneys, filed with the Commission an amended application adding a request that the Commission grant variances from the high density

setback requirement for four (4) wells to be drilled on the application lands, one in each of the four (4) deeded and described development areas.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has rescheduled the above-entitled matter for hearing on:

Date: Monday, August 27, 2007
Tuesday, August 28, 2007

Time: 9:00 a.m.

Place: Southwest Weld County Services Complex, South Wing
4209 Weld County Road 24½
Longmont, Colorado 80504

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the amended application or to intervene on the amended application should file with the Commission a written protest or intervention no later than August 13, 2007, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and nine (9) copies shall be filed with the Commission (Rule 503.). **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of August 13, 2007.** Pursuant to Rule 503.f., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By: _____
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
July 27, 2007

Attorneys for Applicant:
David R. Little/Christopher G. Hayes
Bjork Lindley Little PC
1600 Stout Street, Suite 1400
Denver, Colorado 80202
(303) 892-1400