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COUNSEL

September 7, 2012

VIA EMAIL AND U.S. MAIL

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Attn: Director Matt Lepore
Thom Kerr, Permitting Manager

Re: *Anadarko Petroleum Corporation Setback Stakeholder's Recommendation*

Dear Director Lepore and Mr. Kerr:

Anadarko Petroleum Corporation ("Anadarko") is among the largest natural gas and oil operators and mineral owners in the Wattenberg Field. Anadarko has been actively involved in the setback stakeholder group since its formation in February 2012. Anadarko submits the following comments concerning the pending consideration of a COGCC rulemaking to increase setbacks.

Anadarko has policy, factual and legal concerns raised by the recent impetus to conduct a rulemaking to increase setbacks. Anadarko believes that any "health impacts-based" rulemaking is questionable, and there simply lacks a sound factual basis for a rulemaking. Anadarko's precise comments will be submitted when and if the COGCC releases its position, statement of basis and purpose and regulatory analysis to any proposed rulemaking.

Practically, Anadarko believes a rulemaking is not necessary at this time. Operators are mindful of the impacts of operations and take great measures to maximize setbacks and, independent of regulatory requirements, to utilize all best management practices concerning their operations. Additionally, operators are working cooperatively with local government through memorandums of understanding and other agreements to utilize best management practices, as evident from the recent agreement executed by both EnCana Oil and Gas and Kerr-McGee Oil and Gas Onshore, LP with the Town of Erie. Furthermore, as a result of the Governor's Task Force, and with cooperation from the COGCC, industry and local government, there has been a significant increase in the use and effectiveness of the local government designee process during the state well permitting process.

Anadarko believes these agreements, the existing and evolving practice of utilizing best management practices, and the increasing and more productive use of the COGCC's local government designee process – which were not fully utilized at the time the setback group began its meetings - should be fully tested and utilized to address the concerns brought forth during the setback stakeholder process before any rulemaking ensues. At this time, a rulemaking concerning setbacks is not warranted or justified.

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Anadarko's position is that setbacks should remain at the current regulation of 150' (or 1.5 times the height of derrick) and 350' for high density development. These setbacks were implemented after thorough evaluation, significant studies and sound science. No scientific evidence was presented during any of the stakeholder presentations to indicate that current setbacks are inadequate for public safety. There have been no public safety or health incidents attributed to the current setbacks and there is no compelling evidence that increasing setback distances will resolve the comments presented in the recent stakeholder meetings.

If the COGCC deems it necessary to move forward with a rulemaking, it should only do so once it demonstrates a regulatory need or adequate justification for more restrictive setbacks and should proceed only after adequate time for evaluation of other proposals. At the outset, it is important for the COGCC to understand that the setbacks being proposed by some groups would entirely eliminate certain locations for oil and gas development, and in many cases strand all potential for recovering the minerals. Anadarko has serious concerns that its mineral and property interests will be impaired by greater setbacks. This potential taking of minerals should factor significantly in the evaluation of increased setbacks.

In addition, the negative impacts of expanded setbacks on farming, agriculture and real estate development should not be underestimated. Any setback greater than the existing setbacks puts a tremendous burden on surface owners as it moves oil and gas operations into the middle of their crops and/or within other acreage that could be utilized for development. An increased setback negatively impacts expanded efforts over the years to work cooperatively with surface owners to develop the minerals with the least impact to the surface.

In conclusion, in lieu of a rulemaking, Anadarko recommends the COGCC work with industry and other interested groups to better utilize the LGD process, while at the same time formulate a policy that addresses the concerns of Colorado citizens and environmental organizations, likely through utilization of best management practices ("BMPs") given a particular location.

If a rulemaking is initiated, Anadarko looks to actively and fully participate in the process. If you wish to discuss further, please contact me.

Sincerely,



Susan L. Aldridge
Counsel

cc: Colorado Oil and Gas Association
Colorado Petroleum Association