

## RECORD OF PROCEEDINGS

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February 11, 2013

The Oil and Gas Conservation Commission (“COGCC”) met on February 11, 2013, at the Wells Fargo Building, 1700 Lincoln Street, Denver, CO 80203, and on February 12, 2013 at the offices of the COGCC, 1120 Lincoln Street, Suite 801, Denver, Colorado.

### **Monday, February 11, 2013 - Roll Call of Commissioners:**

Present:

Tom Compton	Chairman
Perry Pearce	Vice-Chairman
John Benton	Commissioner
Tommy Holton <sup>1</sup>	Commissioner
Mike King	Commissioner
Andrew Spielman	Commissioner
Chris Urbina <sup>2</sup>	Commissioner
Deann Craig	Commissioner
Richard D. Alward	Commissioner
Casey Schpall	Hearing Officer
Matt Lepore	Director
Jake Matter	Assistant Attorney General
Robert J. Frick	Hearings Manager

### **Approval of Proceedings:**

Commissioner Benton made a Motion to Approve the minutes from the January 7, 2013 hearing. The Motion was seconded by Commissioner Pearce and approved unanimously.

Thereafter, the hearing began with Commissioner deliberations regarding the Statewide Setback Rulemaking Proceedings.

Upon conclusion of deliberations, a formal vote to approve the Statewide Setback rule was taken. Commissioners Compton, Pearce, Benton, King, Spielman, Urbina, Craig, and Alward voted to approve the Setback Rule. Commissioner Holton voted against. The Statewide Setback rule was approved.

Thereafter, the Commission conducted regular business. Commissioners Holton and Urbina were excused from the remainder of the hearing.

### **DNR Executive Director’s Report:**

- Commissioner King travelled to Washington, D.C. with Governor Hickenlooper to testify before the Senate Energy Committee on February 12, 2013.

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<sup>1</sup> Commissioner Holton was excused following the Statewide Setback Rulemaking Vote and did not vote on remaining agenda items.

<sup>2</sup> Commissioner Urbina was excused following Public Comments and did not vote on remaining agenda items.

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### **Director's Report:**

- 1) Stuart Ellsworth, Engineering Manager, conducted an Industry training program on Forms 5 and 5A, and Forms 2, 2A, and 6.
- 2) Bob Frick, Hearings Manager, conducted public outreach through the LGD and LGL programs with visits to Colorado Springs, Limon, and Pitkin Counties, among others.
- 3) Carl Colby, hired through the Intergovernmental Agreement between the COGCC and Gunnison County, was hired, trained and certified by the COGCC. The COGCC hired John Noto as an Oil and Gas Location Assessment technician. Craig Berger was hired as a Field Inspector.
- 4) An update to the PRAW program for the Biscuit Ranch and Long Hollow Dam projects was provided to the Commission.
- 5) Thom Kerr, Permit and Technical Manager updated the Commission on:
  - a. Automation of Form 2 and 2A, Form 3 (Certificate of Clearance) and Form 4 (Sundry)
  - b. GORT met on January 10<sup>th</sup>, 2013. The NWOGF met February 21 and 22 in conjunction with the LGL and LGD training session.
  - c. Statistical review showed production of oil increasing from 28 MMBO in 2010, 39 MMBO in 2011, and 42 MMBO in 2012.
  - d. Updated the Commission on the update to FracFocus 2.0 on June 1, 2013.

### **Commissioner Comments:**

- Commissioner Alward noted his attendance at the Australian Ecological Society.

### **Public Comments:**

- Melissa Gardner, a Weld County resident, commented on the proximity of drilling to her home, and asked the Commission to consider increased setbacks. She stated a member of her family had suffered asthma and chest pains requiring admission to a hospital.

### **Consent Agenda**

With 32 matters listed for the Consent Agenda, Hearings Manager Bob Frick updated the Commission on a publication error that required the Commission to “conditionally approve” 11 items separately from the remaining Consent Agenda items. Conditionally approved items were republished with a new protest/intervention date of March 11, 2013, and became effective on March 12, 2013.

### ***Group A***

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Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the six items for CONDITIONAL APPROVAL within Group A of the Consent Agenda. No conflicts were raised.

Commissioner Pearce moved for CONDITIONAL APPROVAL of six items on Group A of the Consent Agenda, as recommended by Staff, as follows:

Docket No. 1302-SP-23, Bracewell Field, Weld County

Applicant: HRM Resources, LLC  
Attorneys: Kenneth A. Wonstolen & Gregory J. Nibert Jr.

Subject: Request for an order to, among other things, establish an approximate 160-acre drilling and spacing unit for Section 36, Township 6 North, Range 66 West, 6th P.M., and approve up to five vertical and/or directional wells to be drilled within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

Docket No. 1302-SP-28, Unnamed Field, Morgan County

Applicant: Condor Energy Technology, LLC  
Attorneys: Jamie L. Jost

Subject: Request for an order to establish an approximate 640-acre exploratory drilling and spacing unit for Section 4, Township 6 North, Range 60 West, 6th P.M., and approve up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1302-SP-30, Unnamed Field, Morgan County

Applicant: Condor Energy Technology, LLC  
Attorneys: Jamie L. Jost

Subject: Request for an order to establish an approximate 640-acre exploratory drilling and spacing unit for Section 9, Township 6 North, Range 60 West, 6th P.M., and approve up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1302-SP-33, Unnamed Field, Weld County

Applicant: Carrizo Oil and Gas, Inc.  
Attorneys: Kenneth A. Wonstolen, Elizabeth Y. Gallaway  
& Kenneth E. Warner.

Subject: Request for an order to establish four approximate 640-acre exploratory drilling and spacing units for Section 27, Township 8 North, Range 60 West, 6<sup>th</sup> P.M. and Sections 28, 31, and 33, Township 10 North, Range 59 West, 6<sup>th</sup> P.M. and approve one horizontal well within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1302-AW-07, Unnamed Field, Weld County

Applicant: Carrizo Oil and Gas, Inc.  
Attorneys: Kenneth A. Wonstolen, Elizabeth Gallaway

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& Kenneth E. Warner

Subject: Request for an order to approve up to six horizontal wells within each of four approximate 640-acre exploratory drilling and spacing units established for Section 27, Township 8 North, Range 60 West, 6<sup>th</sup> P.M. and Sections 28, 31, and 33, Township 10 North, Range 59 West, 6<sup>th</sup> P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1302-AW-09, Wattenberg Field, Weld County

Applicant: Carrizo Oil and Gas, Inc.  
Attorneys: Kenneth A. Wonstolen, Elizabeth Gallaway  
& Kenneth E. Warner

Subject: Request for an order to approve up to six horizontal wells within each of five approximate 640-acre exploratory drilling and spacing units established for various sections in Townships 8 and 9 North, Ranges 59, 60 and 61 West, 6<sup>th</sup> P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Spielman and approved unanimously.

Before proceeding on the remaining items in Group A, Commissioner Spielman recused himself from deliberations and voting on Docket No. 1302-SP-31, as his employer represented Bill Barrett Corporation in matters outside of Colorado. Commissioner Pearce recused himself from deliberations and voting on Docket No. 1302-SP-19, as the Applicant was a wholly owned subsidiary of his employer.

Docket Nos. 1302-SP-31 and 1302-SP-19 were pulled from the remaining items of Group A for separate approval by the Commission

Commissioner Pearce moved for approval of the remaining items on Group A of the Consent Agenda, as recommended by Staff, as follows:

Docket No. 1302-SP-20, Unnamed Field, Weld County

Applicant: Whiting Oil and Gas Corporation  
Attorneys: Stephen J. Sullivan & Chelsey J. Russell

Subject: Request for an order to establish 12 approximate 960-acre drilling and spacing units for various sections in Township 11 North, Range 57 West, 6<sup>th</sup> P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Docket No. 1302-SP-21, Unnamed Field, Weld County

Applicant: Whiting Oil and Gas Corporation  
Attorneys: Stephen J. Sullivan & Chelsey J. Russell

Subject: Request for an order to establish ten approximate 960-acre drilling and spacing units for various sections in Township 11 North, Range 58 West, 6<sup>th</sup> P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

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### Docket No. 1302-SP-22, Unnamed Field, Weld County

Applicant: Whiting Oil and Gas Corporation  
Attorneys: Stephen J. Sullivan & Chelsey J. Russell

Subject: Request for an order to establish two approximate 640-acre drilling and spacing units consisting of Sections 27 and 34, Township 11 North, Range 57 West, 6th P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

### Docket No. 1211-SP-128, Hereford Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 35, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 2, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and establish an approximate 1,280-acre stand-up exploratory drilling and spacing unit for Section 35, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 2, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

### Docket No. 1211-SP-129, Hereford Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 34, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 3, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and establish an approximate 1,280-acre stand-up exploratory drilling and spacing unit for Section 34, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 3, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

### Docket No. 1211-SP-130, Hereford Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 33, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 4, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and establish an approximate 1,280-acre stand-up exploratory drilling and spacing unit for Section 33, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 4, Township 10

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North, Range 63 West, 6th P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

Docket No. 1211-SP-131, Hereford Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 32, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 5, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and to establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Section 32, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 5, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

Comments: Application has been amended.

Docket No. 1211-SP-132, Hereford Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Sections 30 and 31, Township 11 North, Range 63 West, 6<sup>th</sup> P.M., and to establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Sections 30 and 31, Township 11 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

Comments: Application has been amended.

Docket No. 1211-SP-139, Unnamed Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 535-28 for Sections 10 and 11, Township 10 North, Range 60 West, 6th P.M., and establish an approximate 1,280-acre lay-down exploratory drilling and spacing unit, for Sections 10 and 11, Township 10 North, Range 60 West, 6th P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

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Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

Docket No. 1211-SP-141, Unnamed Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 535-28 for Sections 6 and 7, Township 10 North, Range 59 West, 6<sup>th</sup> P.M., and establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Sections 6 and 7, Township 10 North, Range 59 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

Docket No. 1211-SP-145, Unnamed Field, Weld County

Applicant: EOG Resources, Inc.  
Attorney: Robert A. Willis

Subject: Request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Sections 17 and 20, Township 10 North, Range 60 West, 6<sup>th</sup> P.M., and to establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Sections 17 and 20, Township 10 North, Range 60 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Protested by: Bureau of Land Management - Withdrawn  
Representative: Lonny R. Bagley, Deputy State Director

The motion was seconded by Commissioner Craig and approved unanimously.

Thereafter, Commissioner Benton moved for approval of Docket No. 1302-SP-19 on Group A of the Consent Agenda, with Commissioner Pearce recusing:

Docket No. 1302-SP-19, Unnamed Field, Weld County

Applicant: Whiting Oil and Gas Corporation  
Attorneys: Stephen J. Sullivan & Chelsey J. Russell

Subject: Request for an order to establish 12 approximate 960-acre drilling and spacing units and one approximate 761-acre drilling and spacing unit for various sections in Townships 11 and 12, Ranges 56 and 57 West, 6<sup>th</sup> P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Craig and approved unanimously.

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Thereafter, Commissioner Pearce moved for approval of Docket No. 1302-SP-31 on Group A of the Consent Agenda, with Commissioner Spielman recusing:

Docket No. 1302-SP-31, Wattenberg Field, Weld County

Applicant: Bill Barrett Corporation  
Attorneys: Robert A. Willis

Subject: Request for an order to, among other things, establish an approximate 1,280-acre laydown drilling and spacing unit for Sections 9 & 10, Township 4 North, Range 62 West, 6th P.M., and approve up to 16 horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

The motion was seconded by Commissioner Benton and approved unanimously.

### **Group B**

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group B of the Consent Agenda. Commissioner Spielman noted the Applicant in Docket Nos. 1301-UP-16, 1301-UP-17, and 1301-UP-18 was a client of his employer and recused himself from deliberations and voting on those matters.

Commissioner Pearce moved for the **CONDITIONAL APPROVAL** of five Group B applications of the Consent Agenda, as recommended by Staff, as follows:

Docket No. 1302-UP-32, Unnamed Field, Weld County

Applicant: PDC Energy, Inc.  
Attorneys: Jamie L. Jost & Gregory J. Nibert Jr.

Subject: Request for an order to pool all interests in four approximate 160 to 320-acre designated wellbore spacing units for Section 32, Township 5 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Docket No. 1302-UP-33, Unnamed Field, Weld County

Applicant: HRM Resources, LLC  
Attorneys: Kenneth A. Wonstolen & Gregory J. Nibert Jr.

Subject: Request for an order to pool all interests in an approximate 160-acre drilling and spacing unit established for Section 36, Township 6 North, Range 66 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Comment: 1302-SP-23 is a concurrent matter.

Docket No. 1302-UP-36, Unnamed Field, Morgan County

Applicant: Condor Energy Technology LLC  
Attorneys: Jamie L. Jost



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Subject: Request for an order to pool all interests in an approximate 640-acre exploratory drilling and spacing unit established for Section 4, Township 6 North, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Comment: 1302-SP-28 is a concurrent matter.

Docket No. 1302-UP-38, Unnamed Field, Morgan County

Applicant: Condor Energy Technology LLC  
Attorneys: Jamie L. Jost

Subject: Request for an order to pool all interests in an approximate 640-acre exploratory drilling and spacing unit established for Section 9, Township 6 North, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Comment: 1302-SP-29 is a concurrent matter.

Docket No. 1302-UP-42, Wattenberg Field, Weld County

Applicant: Kerr-McGee Oil & Gas Onshore LP  
Attorneys: Jamie L. Jost & Elizabeth Y. Gallaway

Subject: Request for an order to pool all interests within an approximate 640-acre designated wellbore spacing unit established for Sections 1, 6, 31 and 36, Townships 2 and 3, Ranges 64 and 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

The motion was seconded by Commissioner Spielman and approved unanimously.

Thereafter, Commissioner Pearce moved for approval of two matters of Group A of the Consent Agenda:

Docket No. 1302-UP-35, Unnamed Field, Weld County

Applicant: Condor Energy Technology LLC  
Attorneys: J. Michael Morgan

Subject: Request for an order to approve up to six horizontal wells within each of four approximate 640-acre exploratory drilling and spacing units established for certain lands in Townships 8 and 10 North, Ranges 59 and 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Docket No. 1211-UP-278, Wattenberg Field, Weld County

Applicant: Continental Resources, Inc.  
Attorneys: Kenneth A. Wonstolen & Elizabeth Gallaway

Subject: Request for an order to pool all interests within an approximate 640-acre drilling and spacing unit established for Section 8, Township 7 North, Range 61 West, 6th P.M., for the development and operation of the Niobrara Formation.

The motion was seconded by Commissioner Spielman and approved unanimously.

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Thereafter, Commissioner Benton moved for approval of three matters of Group A of the Consent Agenda, with Commissioner Spielman recusing:

Docket No. 1301-UP-16, Wattenberg Field, Weld County

Applicant: Bill Barrett Corporation  
Attorneys: Robert A. Willis

Subject: Request for an order to pool all interests in an approximate 640-acre drilling and spacing unit established for Section 21, Township 6 North, Range 61 West, 6<sup>th</sup> P.M., for the development and operation of the Niobrara Formation.

Protested by: YMC Royalty Company LP - Withdrawn  
Representative: Ijaz Rehman

Docket No. 1301-UP-17, Wattenberg Field, Weld County

Applicant: Bill Barrett Corporation  
Attorneys: Robert A. Willis

Subject: Request for an order to pool all interests in an approximate 640-acre drilling and spacing unit established for Section 24, Township 6 North, Range 62 West, 6<sup>th</sup> P.M., for the development and operation of the Niobrara Formation.

Docket No. 1301-UP-18, Wattenberg Field, Weld County

Applicant: Bill Barrett Corporation  
Attorneys: Robert A. Willis

Subject: Request for an order to pool all interests in an approximate 640-acre drilling and spacing unit consisting of Section 22, Township 6 North, Range 62 West, 6<sup>th</sup> P.M., for the development and operation of the Niobrara Formation.

The motion was seconded by Commissioner Pearce and approved unanimously.

### **Group C**

Group C were Enforcement Matters. Staff recommended approval of two matters.

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group C of the Enforcement Agenda. No disclosures were reported.

Commissioner Spielman moved for the approval of two Group C matters, as recommended by Staff, as follows:

Docket No. 1302-OV-04, Lone Star, LLC

Staff: Peter Gowen, Enforcement Officer  
Staff Recommendation: Approval

Subject: Staff requests approval of an AOC with **Lone Star, LLC** imposing a \$20,000 fine for violations of: 1) Rule 302 - OGCC Form 1. Registration for Oil and Gas

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Operations; 2) Rule 325 - Underground Disposal of Water; and 3) Rule 316A - OGCC Form 14 Monthly Report of Fluids Injected.

Docket No. 1303-OV-05, Booco's Contract Services Inc.

Staff: Peter Gowen, Enforcement Officer

Staff Recommendation: Approval

Subject: Staff requests approval of an AOC with **Booco's Contract Services** imposing a \$10,000 fine for violations of: 1) Rule 319.b.(3) Abandonment; 2) Rule 326.b.(1) Mechanical Integrity testing; and 3) Rule 603.j Statewide Equipment, Weeds, Waste and Trash Requirements. Five thousand dollars is to be paid within 30 days of approval of the AOC. The remaining \$5,000 is suspended, pending completion of well plugging and abandonment by July 1, 2013. The second \$5,000 fine will be vacated if the plugging is performed on time. Otherwise, it will be payable upon 30 day's notice from the Director.

The motion was seconded by Commissioner Benton and approved unanimously.

### **Group D**

Group D were Consent Agenda matters that were protested, and subsequently resolved. Therefore, they were placed in a separate group on the Consent Agenda. Staff recommended approval of three matters.

Chairman Compton asked if any Commissioners had a conflict of interest or recusals with any of the items within Group D of the Consent Agenda. No disclosures were reported.

Commissioner Benton moved for the approval of three Group D matters, as recommended by Staff, as follows:

Docket No. 1301-UP-04, Wattenberg Field, Weld County

Applicant: Energen Resources Corporation

Attorneys: Jamie L. Jost & Gregory J. Nibert Jr.

Subject: Request for an order to pool all interests within an approximate 320-acre drilling and spacing unit for certain lands in Section 13, Township 32 North, Range 6 West, N.M.P.M., for the development and operation of the Niobrara Formation.

Protested by: Steve J. Abraham, Charles Michael Abraham, Diane Abraham Henkle, Kenneth E. Guffey, Sr., and Croudine O. Guffey, James J. Rubow and Nikola A. Rubow - Withdrawn

Attorneys: Joseph C. Pierzchala & Steve Sullivan

Docket No. 1211-UP-274, Unnamed Field, Weld County

Applicant: Continental Resources, Inc.

Attorneys: Kenneth A. Wonstolen & Elizabeth Gallaway

Subject: Request for an order to pool all interests within an approximate 640-acre drilling and spacing unit established for Section 5, Township 7 North, Range 60 West,

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6th P.M., for the development and operation of the Niobrara Formation.

Protested by: Diversified Operating Corporation - Withdrawn  
Attorney: Forrest W. Lewis

Protested by: Foundation Energy Management, LLC - Withdrawn  
Attorney: Stephen J. Sullivan

Docket No. 1211-UP-279, Wattenberg Field, Weld County

Applicant: Kerr-McGee Oil & Gas Onshore LP  
Attorneys: Jamie L. Jost & Elizabeth Gallaway

Subject: Request for an order to pool all interests within each of four approximate 160-acre designated wellbore spacing units established for certain lands in Sections 29 and 32, Township 2 North, Range 67 West, 6th P.M., for the development and operation of the "J" Sand, Codell and Niobrara Formations.

Protested by: MRPC II, LLC - Withdrawn  
Attorney: Jeffrey L. Hunter

The motion was seconded by Commissioner Benton and approved unanimously.

After approving the Consent Agenda and Enforcement Matters, the Commission adjourned at approximately 12:00 p.m. to reconvene on Tuesday, February 12, 2013.

On Tuesday, February 12, 2013, the Commission reconvened.

### **Tuesday, February 12, 2013 - Roll Call of Commissioners:**

Present:

Tom Compton	Chairman
Perry Pearce	Vice-Chairman
John Benton	Commissioner
Mike King	Commissioner
Deann Craig	Commissioner
Richard D. Alward	Commissioner
Matt Lepore	Director
Jake Matter	Assistant Attorney General
Robert J. Frick	Hearings Manager

Absent:

Chris Urbina	Commissioner
Andrew Spielman	Commissioner
Tommy Holton	Commissioner
Mike King	Commissioner

The Commission was briefed on a well site accident that occurred in Windsor, Colorado during

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the previous 24 hours. PDC Operating lost well control when the hydraulics on a crane failed, dropping equipment and damaging the wellhead. No injuries or fire were reported. Flowback fluids used in completion operations were continuing to flow from the damaged wellhead valve. All fluids were contained on the wellpad. No surface or groundwater was affected.

### General Hearing Matters

Docket No. 1102-GA-02, Larimer County

Staff: Robert J. Frick, Hearings Manager

Applicant: Mike Sutak and Laura W. Chase

Attorney: Phillip D. Barber

Subject: On June 7, 2012, the Colorado Court of Appeals announced its ruling in Chase- Sutak v. COGCC, Colorado State Board of Land Commissioners, and Magpie Operating, Inc., Case No. 11CA1249. The Court of Appeals affirmed in part, reversed in part, and remanded the case for further findings by the COGCC. On November 14, 2012, the parties made arguments before the Commission and the Commission began its deliberations. The Commission is continuing in its deliberations.

Comments: xref: 1003-GA-06, 1203-GA-01. Continued by the COGCC from a previous Commission Hearing for deliberation.

This hearing matter was continued from November 14, 2012. No additional information or testimony was received. Two new motions from the parties were submitted for consideration by the Commission.

Commissioner Spielman stated that the State Land Board (SLB) was a property owner, and that he had previously represented the State Land Board in another county. Commissioner Spielman withdrew from participation and left the room during the hearing.

Commissioner Pearce moved for approval to adopt the findings of the Hearing Officer. The Motion was seconded by Commissioner Craig. Thereafter the Commission voted unanimously, with Commissioner Spielman recusing, to adopt the recommendation of the Hearing Officer.

Attorneys Phillip Barber (Chase-Sutak), John Jacus (Magpie) and Heather Warren (SLB) did not object to continuing deliberations. The matter was continued by consent of all parties for the Commission to review the record, transcripts, and exhibits.

Thereafter, Commissioner Spielman returned to the hearing room and the Commission called the next General Hearing matter.

Docket No. 1211-GA-17, Wildcat Field, Gunnison County

Staff: Matt Lepore, Director

Applicant: Gunnison County

Attorneys: David Baumgarten & Arthur Trezise

Operator: SG Interests 1, Ltd.

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Attorneys: Kenneth A. Wonstolen

Subject: Gunnison County made a request for a hearing on the issuance of SG Interests I, LTD APD, Form 2 and on the approval of an OGLA, Form 2A, pursuant to Rule 305.d and 503.b.(7).C., for the Federal 11-90-9 #3 Well (API No. 051-06112) located SW $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 9, Township 11 South, Range 90 West, 6th P.M. An "Entry of Appearance & Motion to Dismiss" was submitted by SG Interests 1 Ltd. Gunnison County submitted an "Entry of Appearance and Gunnison County's Response to SG Interests I LTD's Motion to Dismiss." SG Interests 1 Ltd. subsequently submitted its "Reply in Support of Motion to Dismiss"

Issue: Should the Commission grant or deny the "Motion to Dismiss" filed by SG Interests 1, Ltd.

Comment: The Commission will hear oral arguments on the briefs on the motion to dismiss. The Commission is requested to rule on the motion. The case has been bifurcated such that only the motion to dismiss will be considered. Continued by the COGCC from a previous hearing.

Commissioner Spielman made a motion to deny the Motion to Dismiss and to set the matter for a full hearing before the Commission, with instructions to the parties to brief the legal issues as thoroughly as the factual issues. The Motion was seconded by Commissioner Alward.

Commissioner Pearce made a motion to amend SG Interests Motion to Dismiss. The motion was amended to allow a reconsideration of the Motion to Dismiss just on the legal issues regarding standing, or proceed to a full evidentiary hearing on the merits, depending upon the parties desires after meeting with the Hearing Officer. The amended motion was seconded by Commissioner Spielman.

The Commission voted unanimously to approve the amended motion to deny SG Interests Motion to Dismiss.

The original motion, including the amendment was approved unanimously by the Commission. The parties were instructed to meet with the Hearing Officer to develop the most effective and efficient way to proceed.

### **Lunch Break /Executive Session:**

Assistant Attorney General Jake Matter explained the basis for the Commission entering into Executive Session. The purpose of the Executive Session, pursuant to C.R.S. §24-6-402(3)(a)(II), was to discuss matters with the attorney representing the Commission, concerning matters that are subject to pending or imminent court action, concerning specific claims or grievances, or to receive legal advice on specific legal questions.

The Commission entered Executive Session to discuss and receive legal advice on the following issues:

- *COGCC v. City of Longmont*
- *City of Longmont charter amendment ballot initiative to ban hydraulic fracturing*

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The Commission went into Executive Session at approximately 12:00 p.m.

Thereafter, the Commission adjourned at approximately 1:00 p.m.

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The Secretary was therefore authorized to issue the following orders:

Order No. 535-266, Docket No. 1302-SP-19, Unnamed Field, Weld County. Applicant, Whiting Oil and Gas Corporation. Approves the request for an order to establish 12 approximate 960-acre drilling and spacing units and one approximate 761-acre drilling and spacing unit for various sections in Townships 11 and 12, Ranges 56 and 57 West, 6th P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-267, Docket No. 1302-SP-20, Unnamed Field, Weld County. Applicant, Whiting Oil and Gas Corporation. Approves the request for an order to establish 12 approximate 960-acre drilling and spacing units for various sections in Township 11 North, Range 57 West, 6th P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-268, Docket No. 1302-SP-21, Unnamed Field, Weld County. Applicant, Whiting Oil and Gas Corporation. Approves the request for an order to establish ten approximate 960-acre drilling and spacing units for various sections in Township 11 North, Range 58 West, 6th P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-269, Docket No. 1302-SP-22, Unnamed Field, Weld County. Applicant, Whiting Oil and Gas Corporation. Approves the request for an order to establish two approximate 640-acre drilling and spacing units consisting of Sections 27 and 34, Township 11 North, Range 57 West, 6th P.M., and approve up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 112-237, Docket No. 1301-UP-04, Wattenberg Field, Weld County. Applicant, Energen Resources Corporation. Approves the request for an order to pool all interests within an approximate 320-acre drilling and spacing unit for certain lands in Section 13, Township 32 North, Range 6 West, N.M.P.M., for the development and operation of the Niobrara Formation.

Order No. 381-17, Docket No. 1302-SP-23, Bracewell Field, Weld County. Applicant, HRM Resources, LLC. Approves the request for an order to, among other things, establish an approximate 160-acre drilling and spacing unit for Section 36, Township 6 North, Range 66 West, 6th P.M., and approve up to five vertical and/or directional wells to be drilled within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

Order No. 535-276, Docket No. 1302-SP-28, Unnamed Field, Morgan County. Applicant, Condor Energy Technology, LLC. Approves the request for an order to establish an approximate 640-acre exploratory drilling and spacing unit for Section 4, Township 6 North, Range 60 West, 6th P.M., and approve up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

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Order No. 535-270, Docket No. 1302-SP-30, Unnamed Field, Morgan County. Applicant, Condor Energy Technology, LLC. Approves the request for an order to establish an approximate 640-acre exploratory drilling and spacing unit for Section 9, Township 6 North, Range 60 West, 6<sup>th</sup> P.M., and approve up to four horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-272, Docket No. 1302-SP-33, Unnamed Field, Weld County. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to establish four approximate 640-acre exploratory drilling and spacing units for Section 27, Township 8 North, Range 60 West, 6<sup>th</sup> P.M. and Sections 28, 31, and 33, Township 10 North, Range 59 West, 6<sup>th</sup> P.M. and approve one horizontal well within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-264, Docket No. 1302-AW-07, Unnamed Field, Weld County. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to six horizontal wells within each of four approximate 640-acre exploratory drilling and spacing units established for Section 27, Township 8 North, Range 60 West, 6<sup>th</sup> P.M. and Sections 28, 31, and 33, Township 10 North, Range 59 West, 6<sup>th</sup> P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-265, Docket No. 1302-AW-09, Wattenberg Field, Weld County. Applicant, Carrizo Oil and Gas, Inc. Approves the request for an order to approve up to six horizontal wells within each of five approximate 640-acre exploratory drilling and spacing units established for various sections in Townships 8 and 9 North, Ranges 59, 60 and 61 West, 6<sup>th</sup> P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 421-39, Docket No. 1211-SP-128, Hereford Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 35, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 2, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and establish an approximate 1,280-acre stand-up exploratory drilling and spacing unit for Section 35, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 2, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 421-40, Docket No. 1211-SP-129, Hereford Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 34, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 3, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and establish an approximate 1,280-acre stand-up exploratory drilling and spacing unit for Section 34, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 3, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 421-41, Docket No. 1211-SP-130, Hereford Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 33, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 4, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and establish an



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approximate 1,280-acre stand-up exploratory drilling and spacing unit for Section 33, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 4, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 421-42, Docket No. 1211-SP-131, Hereford Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Section 32, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 5, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and to establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Section 32, Township 11 North, Range 63 West, 6<sup>th</sup> P.M. and Section 5, Township 10 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 421-43, Docket No. 1211-SP-132, Hereford Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Sections 30 and 31, Township 11 North, Range 63 West, 6<sup>th</sup> P.M., and to establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Sections 30 and 31, Township 11 North, Range 63 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-260, Docket No. 1211-SP-139, Unnamed Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 535-28 for Sections 10 and 11, Township 10 North, Range 60 West, 6<sup>th</sup> P.M., and establish an approximate 1,280-acre lay-down exploratory drilling and spacing unit, for Sections 10 and 11, Township 10 North, Range 60 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-261, Docket No. 1211-SP-141, Unnamed Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 535-28 for Sections 6 and 7, Township 10 North, Range 59 West, 6<sup>th</sup> P.M., and establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Sections 6 and 7, Township 10 North, Range 59 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-262, Docket No. 1211-SP-145, Unnamed Field, Weld County. Applicant, EOG Resources, Inc. Approves the request for an order to vacate two approximate 640-acre drilling and spacing units established by Order No. 421-3 for Sections 17 and 20, Township 10 North, Range 60 West, 6<sup>th</sup> P.M., and to establish an approximate 1280-acre stand-up exploratory drilling and spacing unit for Sections 17 and 20, Township 10 North, Range 60 West, 6<sup>th</sup> P.M., and approve up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order Nos. 407-749 & 535-263, Docket No. 1211-UP-274, Unnamed Field, Weld County. Applicant, Continental Resources, Inc. Approves the request for an order to pool all interests within an approximate 640-acre drilling and spacing unit established for Section 5, Township 7

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North, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 232-347 & 407-751, Docket No. 1211-UP-279, Wattenberg Field, Weld County. Applicant, Kerr-McGee Oil & Gas Onshore LP. Approves the request for an order to pool all interests within each of four approximate 160-acre designated wellbore spacing units established for certain lands in Sections 29 and 32, Township 2 North, Range 67 West, 6th P.M., for the development and operation of the "J" Sand, Codell and Niobrara Formations.

Order No. 407-755, Docket No. 1302-SP-31, Wattenberg Field, Weld County. Applicant, Bill Barrett Corporation. Approves the request for an order to, among other things, establish an approximate 1,280-acre laydown drilling and spacing unit for Sections 9 & 10, Township 4 North, Range 62 West, 6th P.M., and approve up to 16 horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Order No. 535-271, Docket No. 1302-UP-32, Unnamed Field, Weld County. Applicant, PDC Energy, Inc. Approves the request for an order to pool all interests in four approximate 160 to 320-acre designated wellbore spacing units for Section 32, Township 5 North, Range 67 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Order No. 535-272, Docket No. 1302-UP-33, Unnamed Field, Weld County. Applicant, HRM Resources, LLC. Approves the request for an order to pool all interests in an approximate 160-acre drilling and spacing unit established for Section 36, Township 6 North, Range 66 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

Order No. 535-273, Docket No. 1302-UP-35, Unnamed Field, Weld County. Applicant, Condor Energy Technology LLC. Approves the request for an order to approve up to six horizontal wells within each of four approximate 640-acre exploratory drilling and spacing units established for certain lands in Townships 8 and 10 North, Ranges 59 and 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 535-274, Docket No. 1302-UP-36, Unnamed Field, Morgan County. Applicant, Condor Energy Technology LLC. Approves the request for an order to pool all interests in an approximate 640-acre exploratory drilling and spacing unit established for Section 4, Township 6 North, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 535-275, Docket No. 1302-UP-38, Unnamed Field, Morgan County. Applicant, Condor Energy Technology LLC. Approves the request for an order to pool all interests in an approximate 640-acre exploratory drilling and spacing unit established for Section 9, Township 6 North, Range 60 West, 6th P.M., for the development and operation of the Niobrara Formation.

Order No. 407-757, Docket No. 1302-UP-42, Wattenberg Field, Weld County. Applicant, Kerr-McGee Oil & Gas Onshore LP. Approves the request for an order to pool all interests within an approximate 640-acre designated wellbore spacing unit established for Sections 1, 6, 31 and 36, Townships 2 and 3, Ranges 64 and 65 West, 6th P.M., for the development and operation of the Niobrara Formation.

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Order No. 407-750, Docket No. 1211-UP-278, Wattenberg Field, Weld County. Applicant, Continental Resources, Inc. Approves the request for an order to pool all interests within an approximate 640-acre drilling and spacing unit established for Section 8, Township 7 North, Range 61 West, 6<sup>th</sup> P.M., for the development and operation of the Niobrara Formation.

Order No. 407-752, Docket No. 1301-UP-16, Wattenberg Field, Weld County. Applicant, Bill Barrett Corporation. Approves the request for an order to pool all interests in an approximate 640-acre drilling and spacing unit established for Section 21, Township 6 North, Range 61 West, 6<sup>th</sup> P.M., for the development and operation of the Niobrara Formation.

Order No. 407-753, Docket No. 1301-UP-17, Wattenberg Field, Weld County. Applicant, Bill Barrett Corporation. Approves the request for an order to pool all interests in an approximate 640-acre drilling and spacing unit established for Section 24, Township 6 North, Range 62 West, 6<sup>th</sup> P.M., for the development and operation of the Niobrara Formation.

Order No. 407-754, Docket No. 1301-UP-18, Wattenberg Field, Weld County. Applicant, Bill Barrett Corporation. Approves the request for an order to pool all interests in an approximate 640-acre drilling and spacing unit consisting of Section 22, Township 6 North, Range 62 West, 6<sup>th</sup> P.M., for the development and operation of the Niobrara Formation.

Order No. 1V-404, Docket No. 1302-OV-04, Lone Star, LLC. Staff, Peter Gowen, Enforcement Officer. Approves the Staff recommendation for approval of an AOC with **Lone Star, LLC** imposing a \$20,000 fine for violations of: 1) Rule 302 - OGCC Form 1. Registration for Oil and Gas Operations; 2) Rule 325 - Underground Disposal of Water; and 3) Rule 316A - OGCC Form 14 Monthly Report of Fluids Injected.

Order No. 1V-405, Docket No. 1303-OV-05, Booco's Contract Services Inc. Staff, Peter Gowen, Enforcement Officer. Approves the Staff recommendation for approval of an AOC with **Booco's Contract Services** imposing a \$10,000 fine for violations of: 1) Rule 319.b.(3) Abandonment; 2) Rule 326.b.(1) Mechanical Integrity testing; and 3) Rule 603.j Statewide Equipment, Weeds, Waste and Trash Requirements. Five thousand dollars is to be paid within 30 days of approval of the AOC. The remaining \$5,000 is suspended, pending completion of well plugging and abandonment by July 1, 2013. The second \$5,000 fine will be vacated if the plugging is performed on time. Otherwise, it will be payable upon 30 day's notice from the Director.

FOR THE COLORADO OIL AND GAS  
CONSERVATION COMMISSION

  
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Robert J. Frick, Secretary

Approved:

  
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Tom Compton, Chair