

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

IN THE MATTER OF AN APPLICATION BY NOBLE ENERGY, INC. FOR AN ORDER (1) APPROVING A COMPREHENSIVE DRILLING PLAN FOR APPROXIMATELY 64,133 ACRES IN ALL OR PORTIONS OF TOWNSHIP 4 NORTH, RANGE 65 WEST, 6TH P.M., TOWNSHIP 4 NORTH, RANGE 64 WEST, 6TH P.M., TOWNSHIP 4 NORTH, RANGE 63 WEST, 6TH P.M., TOWNSHIP 3 NORTH, RANGE 65 WEST, 6TH P.M., TOWNSHIP 3 NORTH, RANGE 64 WEST, 6TH P.M., TOWNSHIP 3 NORTH, RANGE 63 WEST, 6TH P.M., TOWNSHIP 2 NORTH, RANGE 64 WEST, 6TH P.M., AND TOWNSHIP 2 NORTH, RANGE 63 WEST, 6TH P.M.; AND (2) STAYING ACCEPTANCE OF CERTAIN APPLICATIONS FOR PERMITS TO DRILL AND/OR APPLICATIONS TO ESTABLISH DRILLING AND SPACING UNITS WITHIN THE LANDS PROPOSED FOR INCLUSION IN THE COMPREHENSIVE DRILLING PLAN, WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 1

DOCKET NO. 180700613

TYPE: GENERAL
ADMINISTRATIVE

ORDER NO. 1-210

REPORT OF THE COMMISSION

The Commission heard this matter on July 30, 2018, at the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado, 80203, upon application for an order to stay acceptance of certain applications for permits-to-drill, Oil and Gas Location Assessments, and applications to establish drilling and spacing units in all or portions of Township 4 North, Range 65 West, 6TH P.M., Township 4 North, Range 64 West, 6TH P.M., Township 4 North, Range 63 West, 6TH P.M., Township 3 North, Range 65 West, 6TH P.M., Township 3 North, Range 64 West, 6TH P.M., Township 3 North, Range 63 West, 6TH P.M., Township 2 North, Range 64 West, 6TH P.M., and Township 2 North, Range 63 West, 6TH P.M., until such time as the Commission has entered an order on Noble's application for a Comprehensive Drilling Plan.

FINDINGS

The Commission finds as follows:

1. Noble Energy, Inc. (Operator No. 100322), ("Applicant" or "Noble"), as Applicant herein, is an interested party in the subject matter of the above-referenced hearing.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter embraced in said Notice, and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order pursuant to the Oil and Gas Conservation Act.

4. Rule 216. of the Rules and Regulations of the Oil and Gas Conservation Commission provides that operators may propose to the Director a Comprehensive Drilling Plan ("CDP"). CDPs provides a broad approach to identifying foreseeable oil and gas activities in a specific geographic area, concurrent with identifying measures to minimize adverse impacts to public health, safety, welfare, and the environment and wildlife resources within that area.

5. On May 31, 2018, Amended June 22, 2018, Noble filed with the Commission pursuant to § 34-60-116, C.R.S., a verified application ("Application") for an order to 1) establish and approve a Rule 216. CDP for the below-described lands ("Application Lands"), for the comprehensive, efficient, and effective development and operation of the Codell, Niobrara, Fort Hays, and Carlile Formations; 2) stay acceptance of applications for permits-to-drill ("APD"), Oil and Gas Location Assessments ("Form 2As"), and applications to establish drilling and spacing units in the northern portion of the Application Lands for all Owners and Operators until such time as the Commission has entered an order on the CDP; and 3) to stay acceptance of APDs, Form 2As, and applications to establish drilling and spacing units in the southern portion of the Application Lands for all Owners and Operators except Applicant, until such time as the Commission has entered an order on the CDP:

Township 2 North, Range 63 West, 6th P.M.

Section 4: W½
Section 5: All
Section 6: All
Section 8: N½

Township 2 North, Range 64 West, 6th P.M.

Sections 5-8: All
Section 17: All
Section 18: All

Township 3 North, Range 63 West, 6th P.M.

Sections 5-8: All
Sections 17-20: All
Section 28: W½
Sections 29-32: All
Section 33: W½

Township 3 North, Range 64 West, 6th P.M.

Sections 1-36: All

Township 3 North, Range 65 West, 6th P.M.

Section 1: W½
Section 2: All
Section 3: All
Sections 10-15: All
Sections 23-26: All
Section 35: All
Section 36: All

Township 4 North, Range 63 West, 6th P.M.

Section 19: All
Section 20: All

Sections 29-32: All

Township 4 North, Range 64 West, 6th P.M.

Sections 10-15: All

Section 19: All

Sections 22-36: All

Township 4 North, Range 65 West, 6th P.M.

Section 36: W½

64,133 acres, more or less, Weld County, Colorado.

Noble has a high working interest (approximately 54,497 net mineral acres) within the Application Lands.

6. Noble's Application sets forth the benefits of a CDP for the Application Lands. These benefits include:

- a. Fostering economic and efficient development of the oil and gas resources in the Application Lands while preventing waste.
- b. Implementation of "econodes" that virtually eliminate methane and volatile organic compound emission sources and minimizes surface disturbance in the Application Lands.
- c. Tankless development of the oil and gas resources in the Application Lands, using pipelines to move oil, gas and produced water.
- d. Encouragement of waste water recycling.
- e. Significantly fewer environmental impacts than would otherwise be associated with piecemeal development of the Application Lands by multiple operators.

7. Noble's Application requests a two-tiered stay of APDs, Form 2As, and applications to establish drilling and spacing units. Noble's Application explains that a stay in the Application Lands is necessary to fulfill the purpose of Rule 216.a.. A two-tier stay will allow Noble and other stakeholders to meaningfully address foreseeable oil and gas activities in the Application Lands, and discuss mitigation measures for minimizing impacts from the activities. Without a stay, any Operator or Owner may still file their own APDs, Form 2As, or applications to establish drilling and spacing units, which will frustrate the purpose of a CDP. Such activities are not and will not be foreseeable to Noble, the Commission and other stakeholders, and will prohibit the stakeholders from addressing impacts from those activities within the final CDP. Moreover, allowing multiple Operators to continue to file APDs, Form 2As, and applications to establish drilling and spacing units will create additional environmental and surface impacts within the Application Lands—an outcome that the CDP process seeks to prevent. Noble also presents a robust legal argument in support of the Commission's authority to issue a stay. Application at ¶¶ 37 – 42. Accordingly, Noble maintains a stay is necessary and proper.

Tier One Stay

8. Noble's Application requests that the Commission enter an order staying acceptance of all applications for APDs, Form 2As, and applications to establish drilling and spacing units within the below-described lands ("Tier One Lands") filed by any Operator or Owner, including Applicant, until the Commission issues a final decision on the CDP at a future hearing. The Tier One Lands lie within the northern portion of the proposed CDP, and apply to the Tier One Stay:

Township 3 North, Range 63 West, 6th P.M.

Sections 5-8: All
Section 17: All
Section 18: All

Township 3 North, Range 64 West, 6th P.M.

Sections 1-12: All

Section 18: N $\frac{1}{2}$

Township 3 North, Range 65 West, 6th P.M.

Section 1: W $\frac{1}{2}$
Section 2: All
Section 3: All
Section 10-12: All
Section 13: N $\frac{1}{2}$
Section 14: N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$
Section 15: All

Township 4 North, Range 63 West, 6th P.M.

Section 19: All
Section 20: All
Sections 29-32: All

Township 4 North, Range 64 West, 6th P.M.

Sections 10-15: All
Section 19: All
Sections 22-36: All

Township 4 North, Range 65 West, 6th P.M.

Section 36: W $\frac{1}{2}$

Tier Two Stay

9. Noble's Application further requests that the Commission enter an order staying acceptance of all APDs, Form 2As, and applications to establish drilling and spacing units within the below-described lands ("Tier Two Lands") filed by any Operator or Owner, other than Applicant, until the Commission issues a final decision on the CDP at a future hearing .

The Tier Two Lands lie within the southern portion of the proposed CDP, and apply to the Tier Two

Stay:

Township 2 North, Range 63 West, 6th P.M.

Section 4: W½
Section 5: All
Section 6: All
Section 8: N½

Township 2 North, Range 64 West, 6th P.M.

Sections 5-8: All
Section 17: All
Section 18: All

Township 3 North, Range 63 West, 6th P.M.

Section 19: All
Section 20: All
Section 28: W½
Sections 29-32: All
Section 33: W½

Township 3 North, Range 64 West, 6th P.M.

Sections 13-16: All
Section 17: All
Section 18: S½
Section 19-36: All

Township 3 North, Range 65 West, 6th P.M.

Section 13: S½
Section 14: S½S½
Sections 23-26: All
Section 35: All
Section 36: All

10. Noble's Application showed that its current drilling schedule focuses on the Tier Two Lands and that its drilling plans for the Tier Two Lands are integral to its exploration and development plans through the first quarter of 2019. As such, Noble requests that it be allowed to continue submitting APDs, Form 2As, and applications to establish drilling and spacing units for the Tier Two Lands pending a final Commission decision on the CDP.

11. Noble agreed to be bound by oral order of the Commission.

12. Staff gave thoughtful consideration to and review of Noble's request for a stay. In considering Noble's request, Staff gave particular consideration to whether a stay was consistent with the purpose of CPDs. As the Commission explained in the December 11, 2008 Statement of Basis, Specific Statutory Authority, and Purpose accompanying the promulgation of Rule 216. ("SBP"), CPDs provide more than just an efficient means of development for Operators. CPDs "encourage landscape level planning and regulatory review...." SBP at p. 24. Moreover, the Commission found that such planning will "help to better address cumulative effects, promote [efficiency], and facilitate more win-win situations."

Staff concluded that Applicant's request for a stay is consistent with the very purpose of

a CDP. Without a stay, landscape level planning within the CDP lands would be difficult, if not impossible to accomplish. The Commission would receive competing APDs, Form 2As and applications for drilling and spacing units, which would frustrate Staff's ability to conduct a regulatory review that seeks to more effectively address cumulative impacts from development in the Application Lands. Staff would be faced with approving competing applications that would result in greater cumulative impacts in the CDP Application Lands, thereby frustrating a primary purpose of a CDP.

13. Accordingly, the Director instructed Staff to:
 - a. stay acceptance of APDs, Form 2As, and applications to establish drilling and spacing units in the northern portion of the Application Lands for all Owners and Operators, until such time as the Commission has entered an order on Noble's stay request; and
 - b. to stay acceptance of APDs, Form 2As, and applications to establish drilling and spacing units in the southern portion of the Application Lands for all Owners and Operators except Applicant, until such time as the Commission has entered an order on Noble's stay request.

Excluding Noble's applications in the southern portion of the Application Lands, the Director instructed Staff that all APDs, Form 2As, and applications to establish drilling and spacing units for the Application Lands submitted to the Commission prior to May 31, 2018, will be processed according to the form's status as of May 31, 2018:

- a. "In Process" applications will be placed On Hold and Staff will not undertake further review of the application.
- b. "On Hold" applications will remain On Hold and Staff will not undertake further review of the application.
- c. "Draft" applications will remain in Draft. If an applicant seeks to resubmit an application in Draft, staff will return the application to Draft.
- d. Applications in "Upload" will be returned to Draft without a Completeness Review by Staff.

Excluding any Noble application in the southern portion of the Application Lands, the Director further instructed that all APD and Form 2A applications for the Application Lands submitted to the Commission after May 31, 2018, and before the date of this Order, be returned to Draft without a Completeness Review. For all drilling and spacing unit applications submitted to the Commission after May 31, 2018, and before the date of this Order, excluding any Noble applications in the southern portion of the Application Lands, the Director instructed Staff to assign a docket number to the application and stay the application indefinitely. The submission dates for all APD, Form 2A and drilling and spacing unit applications will be preserved.

14. Though not requested by Noble, Staff recommends that the stay be effective from May 31, 2018 through January 28, 2019. If the Application is not approved prior to January 28, 2019, Noble may request an extension of the stay at the January 28-29, 2019 Commission hearing.

15. Based on the facts stated in the verified Application, having received [no protests], and on the Hearing Officer review of the request for a stay, the Commission should order to stay acceptance of certain applications for permits-to-drill, Oil and Gas Location Assessments, and applications to establish drilling and spacing units in all or portions of Township 4 North, Range 65 West, 6TH P.M., Township 4 North, Range 64 West, 6TH P.M., Township 4 North, Range 63 West, 6TH P.M., Township 3 North, Range 65 West, 6TH P.M., Township 3 North, Range 64 West, 6TH P.M., Township 3 North, Range 63 West, 6TH P.M., Township 2 North, Range 64 West, 6TH P.M., and Township 2 North, Range 63 West, 6TH P.M., until such time as the Commission has entered an order on Noble's application for a Comprehensive Drilling Plan.

ORDER

IT IS HEREBY ORDERED:

2. For the below-described tier one application lands ("Tier One Lands") Staff will process applications for permits-to-drill ("APD"), Oil and Gas Location Assessments ("Form 2A"), and drilling and spacing unit applications in accordance with the direction set forth in paragraphs 2 through 7 of this Order.

The below-described Tier One Lands lie within the northern portion of the proposed CDP:

Township 3 North, Range 63 West, 6th P.M.

Sections 5-8: All
Section 17: All
Section 18: All

Township 3 North, Range 64 West, 6th P.M.

Sections 1-12: All
Section 18: N½

Township 3 North, Range 65 West, 6th P.M.

Section 1: W½
Section 2: All
Section 3: All

Section 10-12: All
Section 13: N½
Section 14: N½, N½S½
Section 15: All

Township 4 North, Range 63 West, 6th P.M.

Section 19: All
Section 20: All
Sections 29-32: All

Township 4 North, Range 64 West, 6th P.M.

Sections 10-15: All
Section 19: All
Sections 22-36: All

Township 4 North, Range 65 West, 6th P.M.
Section 36: W½

3. Until the Commission issues a final Order on the CDP Application, all APD and Form 2A applications for the Tier One Lands submitted to the Commission prior to May 31, 2018, will be processed according to the form's status as of May 31, 2018:

- a. "In Process" applications will be placed On Hold and Staff will not undertake further review of the application.
- b. "On Hold" applications will remain On Hold and Staff will not undertake further review of the application.
- c. "Draft" applications will remain in Draft. If an applicant seeks to resubmit an application in Draft, Staff will return the application to Draft.
- d. Applications in "Upload" will be returned to Draft without a Completeness Review by Staff.

The submission dates for all APD and Form 2A applications for the Tier One Lands submitted to the Commission prior to May 31, 2018, will be preserved.

4. Until the Commission issues a final Order on the CDP Application, all APD and Form 2A applications for the Tier One Lands submitted to the Commission between May 31, 2018 and July 31, 2018, will be returned to Draft without a Completeness Review. The submission dates for all APD and Form 2A applications for the Tier One Lands submitted to the Commission between May 31, 2018 and July 31, 2018, will be preserved.

5. Until the Commission issues a final Order on the CDP Application, all APD and Form 2A applications for the Tier One Lands submitted to the Commission after July 31, 2018, will be returned to Draft without a Completeness Review. The submission dates for all APD and Form 2A applications for the Tier One Lands submitted to the Commission after July 31, 2018, will be preserved.

6. Until the Commission issues a final Order on the CDP Application, all applications to establish drilling and spacing units for Tier One Lands filed prior to May 31, 2018, will be assigned a docket number and stayed indefinitely. The submission date for all drilling and spacing unit applications for the Tier One Lands submitted to the Commission prior to May 31, 2018, will be preserved.

7. Until the Commission issues a final Order on the CDP Application, all applications to establish drilling and spacing units for Tier One Lands filed between May 31, 2018 and July 31, 2018, will be assigned a docket number and stayed indefinitely. The submission date for all drilling and spacing unit applications for the Tier One Lands submitted to the Commission between May 31, 2018 and July 31, 2018, will be preserved.

8. Until the Commission issues a final Order on the CDP Application, all applications to establish drilling and spacing units for Tier One Lands filed after July 31, 2018, will be assigned a docket number and stayed indefinitely. The submission date for all drilling

and spacing unit applications for the Tier One Lands submitted to the Commission after July 31, 2018, will be preserved.

9. For the below-described tier two application lands ("Tier Two Lands") Staff will process APDs, Form 2As, and applications to establish drilling and spacing units in accordance with the direction set forth in paragraphs 9 through 14 of this Order.

The below-described lands ("Tier Two Lands") lie within the southern portion of the proposed CDP, and apply to the Tier Two Stay:

Township 2 North, Range 63 West, 6th P.M.

Section 4:	W½
Section 5:	All
Section 6:	All
Section 8:	N½

Township 2 North, Range 64 West, 6th P.M.

Sections 5-8:	All
Section 17:	All
Section 18:	All

Township 3 North, Range 63 West, 6th P.M.

Section 19:	All
Section 20:	All
Section 28:	W½
Sections 29-32:	All
Section 33:	W½

Township 3 North, Range 64 West, 6th P.M.

Sections 13-16:	All
Section 17:	All
Section 18:	S½
Section 19-36:	All

Township 3 North, Range 65 West, 6th P.M.

Section 13:	S½
Section 14:	S½S½
Sections 23-26:	All
Section 35:	All
Section 36:	All

10. Until the Commission issues a final Order on the CDP Application, all APD and Form 2A applications for the Tier Two Lands submitted to the Commission by any Operator or Owner other than Noble, prior to May 31, 2018, will be processed according to the form's status as of May 31, 2018:

- a. "In Process" applications will be placed On Hold and staff will not undertake further review of the application.

- b. "On Hold" applications will remain On Hold and staff will not undertake further review of the application.
- c. "Draft" applications will remain in Draft. If an applicant seeks to resubmit an application in Draft, staff will return the application to Draft.
- d. Applications in "Upload" will be returned to Draft without a Completeness Review by Staff.

The submission dates for all APD and Form 2A applications for the Tier Two Lands submitted to the Commission by an Operator or Owner other than Noble prior to May 31, 2018, will be preserved.

11. Until the Commission issues a final Order on the CDP Application, all APD and Form 2A applications for the Tier Two Lands submitted by any Operator or Owner, other than Noble, to the Commission between May 31, 2018 and July 31, 2018, will be returned to Draft without a Completeness Review. The submission dates for all APD and Form 2A applications for the Tier Two Lands submitted to the Commission between May 31, 2018 and July 31, 2018, will be preserved.

12. Until the Commission issues a final Order on the CDP Application, all APD and Form 2A applications for the Tier Two Lands submitted by any Operator or Owner, other than Noble, to the Commission after July 31, 2018, will be returned to Draft without a Completeness Review. The submission dates for all APD and Form 2A applications for the Tier Two Lands submitted to the Commission after July 31, 2018, will be preserved.

13. Until the Commission issues a final Order on the CDP Application, all applications to establish drilling and spacing units for Tier Two Lands filed prior to May 31, 2018, by any Operator or Owner other than Noble, will be assigned a docket number and stayed indefinitely. The submission date for all drilling and spacing unit applications for the Tier Two Lands submitted to the Commission prior to May 31, 2018, will be preserved.

14. Until the Commission issues a final Order on the CDP Application, all applications to establish drilling and spacing units for Tier Two Lands filed between May 31, 2018 and July 31, 2018, by any Operator or Owner other than Noble, will be assigned a docket number and stayed indefinitely. The submission date for all drilling and spacing unit applications for the Tier Two Lands submitted to the Commission between May 31, 2018 and July 31, 2018, will be preserved.

15. Until the Commission issues a final Order on the CDP Application, all applications to establish drilling and spacing units for Tier Two Lands filed after July 31, 2018, by any Operator or Owner other than Noble, will be assigned a docket number and stayed indefinitely. The submission date for all drilling and spacing unit applications for the Tier Two Lands submitted to the Commission after July 31, 2018, will be preserved.

16. If the Commission enters an Order granting Noble a CDP for the Application Lands, all APD, Form 2A, and drilling and spacing unit applications for the Tier One Lands and Tier Two Lands filed by Operators or Owners, other than Noble, will not be acted on by Staff, and Operators and Owners will be asked to withdraw the application. The Commission

orders Staff to reject any such application not withdrawn by an Operator or Owner within 30-days of the effective date of a Commission order approving the Noble CDP Application.

17. If the Commission denies Noble's CDP Application, Staff will resume processing all APDs, Form 2As, and applications to establish drilling and spacing units for the Application Lands. Operators and Owners may resubmit APD and Form 2A applications for the Application Lands that were returned to Draft. Staff will proceed with the Completeness Review of such applications in accordance with its regular practice. All stays on drilling and spacing unit applications for the Application Lands will be lifted, and Staff will proceed with all such applications in accordance with its regular practice.

18. The Commission affirms the Director's decision to put On Hold, place in Draft, or stay all APDs, Form 2As, and applications to establish drilling and spacing units for the Tier One Lands and for Staff not to undertake a Completeness Review of such applications received prior to the date of this Order. The Commission affirms the Director's decision to put On Hold, place in Draft, or stay all APDs, Form 2As, and applications to establish drilling and spacing units for the Tier Two Lands, except those applications filed by Noble, and for Staff not to undertake a Completeness Review of such applications received prior to the date of this Order. The Commission also affirms the Director's decision to continue processing any Noble APDs, Form 2As, and applications to establish drilling and spacing units for the Tier Two Lands.

19. The stay will continue until and terminate upon the earlier of a) the Commission making a final decision on the CDP, or b) six months from the entry of this Order. If an extension of this first stay is requested, Noble and Staff will make a presentation to the Commission in support of the request. The presentation must detail the progress being made on the CDP Application and when Staff expects that the Application will be ready for Commission hearing. Any interested party who opposes an extension of the first stay will be afforded the opportunity to bring before the Commission their objection to extending the stay

IT IS FURTHER ORDERED:

1. The provisions contained in the above order shall become effective immediately.

2. The Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

3. Under the State Administrative Procedure Act the Commission considers this Order to be final agency action for purposes of judicial review within 35 days after the date this Order is mailed by the Commission.

4. An application for reconsideration by the Commission of this Order is not required prior to the filing for judicial review.

ENTERED this 29th day of August, 2018, as of August 1, 2018

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By: 
Julie Spence Prine, Secretary