

RECORD OF PROCEEDINGS

July 19, 2016

The Colorado Oil and Gas Conservation Commission (“COGCC” or “Commission”) met on July 19, 2016, at the Glenwood Community Center, Sopris Rooms A&B, 100 Wulfsohn Road, Glenwood Springs, CO 81601.*

Tuesday, July 19, 2016

9:02am Roll Call of Commissioners:

Present:

Andrew Spielman	Chairman
John Benton	Commissioner
Bill Hawkins	Commissioner
Tommy Holton	Commissioner (by phone)
Bob Randall	Commissioner
Dr. Larry Wolk	Commissioner
Matt Lepore	Director
Jake Matter	Assistant Attorney General
Julie Murphy	Secretary

Approval of Past Proceedings:

9:04am

Motion:	Commissioner Benton moved to approve the Minutes from the June 6-7, 2016 Commission Hearing.		
Second:	Commissioner Hawkins		
Yea:	All	Abstain:	None
Nay:	None	Recused:	None
Result:	June 6-7, 2016 Commission Hearing Minutes approved.		

9:05am DNR Executive Director Randall’s Report:

- 1) DNR is now in the midst of facing seasonal challenges including wildfires and human-wildlife contact. DNR is also now preparing its legislative agenda and budget proposals for the upcoming legislative session.
- 2) The Colorado Water Conservation Board meets tomorrow in Steamboat Springs where it will be discussing a range of topics including the recently developed Colorado Water Plan.
- 3) The State of New Mexico recently filed a lawsuit against the State of Colorado for issues relating to the Gold King Mine release into the Animas River.

* Commission proceedings began at 9:02am MDT on July 19, 2016. Timestamps provided throughout these minutes reflect the approximate time of day that the agenda item was addressed by the Commission. The audio recording of this Hearing can be found at www.youtube.com/playlist?list=PLpwAEXLpeKydkNI4SoBK9mwxOrKzJgLcD.

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- 4) In accordance with the Governor's Colorado the Beautiful Initiative, DNR is focusing on trail work to achieve the "16 for 16" objective of developing 16 trails across Colorado; DNR is also working on developing an app-based trail map system for Colorado trails.

9:10am **Director Lepore's Report:**

- 1) The Governor's Task Force Recommendation #37 requires that the Commission address the impacts of oil and gas truck traffic on public streets, roads, and highways. DNR Assistant Director, Kathleen Staks, will provide a brief update on the COGCC's and DNR's progress on Recommendation #37.

Ms. Staks: The DNR and COGCC have created a Truck Traffic workgroup consisting of representatives of interested parties that has met three times to identify the impacts of oil and gas truck traffic and ways to minimize those impacts. The group should release a report of their findings in the Fall of 2016.

- 2) Ursa's applications for permits to drill ("APD") in Battlement Mesa are the first Large Urban Mitigation Area Facility ("LUMA") applications considered by the COGCC. Ursa submitted applications for the "B" and "D" Pads, both of which are passed for completeness. APDs are normally reviewed and approved by the Director without a hearing, but in this instance Ursa has requested a hearing because the permits were under COGCC review for more than seventy-five days; these hearings were originally scheduled for the June Hearing and were then continued to July and then August.
- 3) The oil and gas industry is still in the midst of an industry-wide slowdown impacting drilling and completion activities; the dramatic reduction in activity is creating unforeseen problems related to various regulatory requirements that have the potential to expose the State of Colorado to potential reclamation liability; COGCC Staff is actively pursuing methods of reducing those potential liabilities by working with operators to increase inactive well bonding across the State.
- 4) At the beginning of this month, the terms of three Commissioners expired. Governor Hickenlooper is expected to appoint three new Commissioners soon. Once new Commissioners are appointed, we will hold an orientation that will be open to the public.

9:25am **Commissioner Comments:**

Commissioner Spielman: Introduced State Representative Bob Rankin, District 57.

Rep. Rankin: Welcomed the Commission to Glenwood Springs; noted that as a State Representative for District 57, he has had a strong working relationship with the DNR and COGCC; observed that it is interesting that the Piceance Basin has become the LUMA test case; stated that he looks forward to working with the COGCC to address budget issues.

9:30am **Public Comment:**

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David Ludlam, West Slope COGA: Spoke in favor of responsibly developing the Piceance Basin and Ursa's operations in Battlement Mesa.

Nate Gill, oil and gas drilling consultant: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa; referenced the jobs created and sustained through oil and gas development in the area.

Travis Byers, Ursa employee: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa.

Jeremy Celayeta, pipeline contractor for Ursa: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa; noted Ursa's engagement with contractors in the field and the jobs created through development.

Melynda Jansen, Health and Safety Manager, TLC Pipeline: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa; noted Ursa's collaborative safety efforts

Gordon Post, land and mineral owner in Piceance and GM of Monument Well Services, contractor in the Piceance: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa; expressed concern about limiting his ability to develop his property.

Wes D'Aponti Environmental Health and Safety Director, Monument Well Services: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa; noted his observations of Ursa's stewardship and community engagement.

Karen Knupp, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; noted her multiple odor complaints and the impact on her quality of life in her home.

Kathlyn Kingda, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concerns regarding the risks of having a high pressure gas line near homes in the area.

Larry Forman, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concerns about the proximity of operations to the water treatment plant and the risk of water contamination.

Betsy Leonard, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concern over noise and odors and urged operators to employ best technology available.

Franci Candlin, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concern about homeowner's representation in local government consideration of Ursa's development plans.

Bob Arrington, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; summarized his analysis of alternate site possibilities for Ursa's operations in the area; noted a report and document submitted to the Commission.

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Ben Tipton, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concern about the possible effects of Ursa's operations on the water treatment facility.

Eleanor Nelson, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concern about siting oil and gas operations near residences.

Bill Nelson, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concern about the siting of the "B" Pad near the possible future site of a water retention pond.

Sandy Getter, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed concern about siting operations in the planned urban development (PUD) and referenced a homeowners' petition against the development.

Bill deWinter, Battlement Mesa resident: Spoke against oil and gas development in Battlement Mesa; expressed his concern that the current state of affairs does not appear to fairly balance the rights of surface owners and mineral owners.

Klayton Costanzo, contractor for Ursa: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa; noted the economic benefit of oil and gas development.

Blair Rollins: Spoke in favor of developing the Piceance Basin and Ursa's operations in Battlement Mesa;

Emily Tracy, candidate for Colorado Senate, District 8: Spoke about local land use control and actual and potential conflict between surface and mineral ownership.

Richard Votero, Garfield County resident: Spoke against oil and gas development in Battlement Mesa; expressed concern about Ursa's drilling in such close proximity to residential areas.

Kirby Wynn, Garfield County Oil and Gas Liaison: Spoke about Garfield County's efforts to incorporate stringent standards and best management practices into the Ursa applications; noted that Garfield County has accepted the LUMA local government consultation role.

Emily Hornback, Organizer for Colorado Western Congress: Spoke against oil and gas development in Battlement Mesa; noted opposition to permitting an injection well as stated in the "B" pad application.

10:48am **Executive Session:**

Senior Assistant Attorney Jake Matter: In Executive Session pursuant to the Open Meetings Law, Section 24-6-402 (3)(a)(II), C.R.S., the Commission will receive counsel on the requirements to notice interested parties under Section 34-60-108(4), C.R.S.

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10:50am	Motion:	Commissioner Hawkins moved to enter Executive Session.		
	Second:	Commissioner Benton		
	Yea:	All	Abstain:	None
	Nay:	None	Recused:	None
	Result:	Commission entered Executive Session		

11:36am	Motion:	Commissioner Hawkins moved to exit Executive Session.		
	Second:	Commissioner Randall		
	Yea:	All	Abstain:	None
	Nay:	None	Recused:	None
	Result:	Commission exited Executive Session		

Mr. Matter: During Executive Session the Commission received legal counsel on the requirements to notice interested parties under Section 34-60-108(4), C.R.S. No decisions were made.

11:39pm **General Consent Agenda:**

Motion:	Commissioner Benton moved to approve the General Consent Agenda Groups “A” to “F” excepting Docket No. 160700262 in Group “B”. ¹			
Second:	Commissioner Hawkins			
Yea:	All	Abstain:	None	
Nay:	None	Recused:	None	
Result:	Approved Unanimously			

Motion:	Commissioner Benton moved to approve the General Consent Agenda Group “G” and Docket No. 160700262 in Group “B”. ²			
Second:	Commissioner Hawkins			
Yea:	All voting Commissioners	Abstain:	None	
Nay:	None	Recused:	Commissioner Spielman	
Result:	Approved Unanimously			

Consent Enforcement Matters:

Commissioner Spielman: Requested a brief presentation from Staff addressing the odor complaints made in Docket No. 160600165, Ursa Operating Company, LLC.

David Beckstrom, COGCC Enforcement Officer: Staff and Ursa resolved the odor complaints made against Ursa through an AOC imposing penalties for a one-day violation of COGCC Rule 605.d. for failure to keep all valves, pipes and fittings securely fastened and

¹ Approved General Consent Orders set forth in *Appendix A*.

² Approved General Consent Orders set forth in *Appendix A*.

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one five-day violation of COGCC Rule 805.a for creating odors constituting a nuisance or hazard to public welfare. The Complainants were given proper notice of the proposed resolution in accordance with COGCC Rule 522 and did not file a Petition for Review at any time prior to this Hearing.

Commissioner Hawkins: Noted that the complainants apparently made numerous complaints but that only this one made it through to the COGCC; inquired what steps Staff will take to address any future odor issues at these facilities.

Mr. Beckstrom: Staff will continue to monitor these issues and respond to any additional complaints made by residents of the area.

Motion:	Commissioner Benton moved to approve the Enforcement Consent Agenda Group "A"		
Second:	Commissioner Wolk		
Yea:	All	Abstain:	None
Nay:	None	Recused:	None
Result:	Approved Unanimously		

11:50am **General Presentation:**

Presentation by Kerr-McGee Oil & Gas Onshore LP (Operator No. 47120)

Presenters: Dave Curtis, Anadarko Measurement Operations Manager

Staff: Stuart Ellsworth

Subject: Kerr-McGee's approved variance from Rules 328 & 329 for high vapor pressure oil measurement.

Mr. Ellsworth: Summarized the regulatory requirements of COGCC Rules 328 and 329 as they relate to measuring produced oil and gas at standard conditions; expressed Staff's support for Kerr-McGee's approved variance because it reduces the need for emissions controls, tanks, and truck traffic.

Mr. Curtis: Presented Anadarko/Kerr McGee's process and plan for the high vapor pressure oil measurement system it developed to satisfy the Commission's requirements for a variance from Rules 328 and 329.

Commissioner Benton: Inquired about Kerr-McGee's method and frequency of Kerr-McGee's measurement and analysis.

Mr. Curtis: We will rely primarily on laboratory measurements, which will be done monthly.

Commissioner Benton: Inquired what Kerr-McGee would do for vapor recovery at a centralized stabilization facility.

Mr. Curtis: We will collect and process all vapors.

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Commissioner Hawkins: Inquired whether this system could be used to model and monitor productivity throughout an entire system.

Mr. Curtis: Yes, we did test and model the allocation throughout the entire system.

Director Lepore: More than a year ago, the Governor's Office requested that the Commission investigate ways to minimize the negative impacts of oil and gas on the surrounding neighbors; storage tanks were identified as one of the major complaints; Kerr-McGee's solution and variance addresses that issue.

Staff Presentation:

12:11pm Reclamation Report Update

Staff: Margaret Ash, Field Inspection Unit Manager

Subject: Staff will update the Commissioners regarding its progress regarding the Recommended Action Plan from the 2015 Final Reclamation Inspection and Implementation Program: A Status Report to the Commission.

Ms. Ash: Presented an update on the status of the December 2015 Reclamation Report; updated findings and set forth the next steps in the action plan for reclamation efforts.

Commissioner Hawkins: Requested confirmation that locations designated as "Abandoned Location" were never drilled.

Ms. Ash: Yes, "Abandoned Locations" are those for which a permit was issued but a well was never drilled, granted there are sometimes instances where locations are inaccurately reported as "Abandoned."

Director Lepore: A major issue for reclamation relates to operators preparing locations and setting conductor and then delaying drilling and completion. This procedure presents unique challenges under the COGCC rules as drafted. Currently, there are too many locations with conductors set, but no other activity and no reclamation, and therefore, the Notice to Operators for Conductor Setting has had many unintended consequences which will be readdressed in a new guidance currently in the works.

12:30pm **General Hearing Matter:**

Docket Nos. 160300126 & 160300128, Wattenberg & Unnamed Fields, Weld County

Applicant: Okreek Oil and Gas II, LLC

Attorneys: Phillip Barber

Protestant: Noble Energy, Inc.

Attorneys: Jamie Jost & Kelsey Wasylenky

Staff: Jill Dorancy, Hearing Officer

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Subject: Request for an order to among other things: vacate certain Orders, which pooled all interests within various units within the application lands, for the development and operation of the Niobrara Formation, as it relates to the mineral interest acquired by Okreek to the statutory cost recovery provisions of §34-60-116(7), C.R.S.; and Request to grant the exception filed by Noble Energy, Inc.

Noble's Request for Exception to the Prehearing Order:

Ms. Dorancy: Presented the background and procedural history and the matters before the Commission; noted that Parties will first argue Noble's request for an Exception to the Prehearing Order that dismissed Noble's protest.

Jamie Jost, Counsel for Noble: Requested that the Commission approve Noble's Request for an Exception to the Prehearing Order insofar as it relates to Okreek's requested relief.

Phil Barber, Counsel for Okreek: Argued against the Commission's approval of Noble's request for an Exception.

Commissioner Deliberations:

Mr. Matter: Provided the Commission counsel on the issues.

12:50pm The Commission took a lunch break.

1:40pm Commissioner Deliberations Resumed:

Commissioner Benton: Confirmed with Mr. Matter that the Commission has sufficient justification to approve Noble's request for an Exception.

Mr. Matter: Yes, there is adequate justification if that is the Commission's decision.

1:45pm

Motion:	Commissioner Benton moved to grant Noble's request for an Exception to the Prehearing Order dismissing Noble's protest.		
Second:	Commissioner Hawkins		
Yea:	All	Abstain:	None
Nay:	All	Recused:	None
Result:	Approved Unanimously		

Commissioner Hawkins: Explained that his vote was made in the interest of full information and fairness in addressing the precedential matter before the Commission.

Ms. Dorancy: Set forth the procedural posture and remaining issues in dispute in light of the Commission's approval of Noble's Request for Exception.

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Staff's Report:

Director Lepore: Outlined Staff's Draft Report and recommendation.

Commissioner Hawkins: Inquired why Okreek was being held to its requested relief in the original application and not the amended requests for relief.

Mr. Matter: Proceeding under Okreek's amended application would have the effect of nullifying all progress on the matter to date as it would have the effect of a new application; under the current procedural posture, Parties will have the ability to amend their claims and requests for relief directly to the Commission after the close of evidence.

Director Lepore: Staff supported the decision to proceed under the original application instead of the amended application because it supports the idea that if amended claims or requests are supported by the evidence presented, those amendments should be made directly before the Commission.

Okreek's Case in Chief:

Mr. Barber, for Okreek: Presented Okreek's arguments in favor of granting relief from the pooling orders at issue as they apply to Okreek's interests and requested additional relief as appropriate in light of Noble's failure to provide proper Notice to Okreek as the owner of a pooled interest.

Noble's Case in Chief:

Ms. Jost, for Noble: Argued against Okreek's requested relief from the pooling orders at issue and requested that the Commission approve Staff's Draft report except where the Draft Report sets forth a 100% cost recovery provision, as opposed to the statutory penalty of 200% of drilling costs for nonconsenting mineral owners that have been pooled.

Okreek's Closing Argument:

Mr. Barber, for Okreek: Responded to Noble's arguments regarding the statutory penalty; amended the requested relief to conform to the evidence presented at hearing.

Commissioner Benton: Requested confirmation that the relief sought by Okreek was that relief necessary to put Okreek back into the position as if they had received proper notice prior to being pooled.

Mr. Barber: Yes, that is correct.

Director Lepore: Staff advocates for an Order that would keep Okreek pooled under the existing orders, but would impose a nonconsenting mineral owner penalty of 100%, or actual amount, of the drilling costs, as opposed to the statutory penalty of 200%.

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Noble's Closing Argument:

Ms. Jost: Reiterated Noble's request that the Commission approve Staff's Draft Report, but impose the statutory 200% penalty against Okreek as a nonconsenting mineral owner as opposed to the 100% cost recovery recommended in the Draft Report.

Commissioner Benton: Requested confirmation that Okreek's interest in the unit at issue is less than 1%.

Ms. Jost: Yes, that is correct.

Commissioner Hawkins: Requested a legal opinion on whether the Commission had the authority to issue an order that would have the effect of modifying the statutory 200% penalty for a nonconsenting mineral owner.

Mr. Matter: Precedent and the applicable statutory language do not explicitly provide the Commission authority to modify the statutory penalty for nonconsenting mineral owners that are force pooled.

Okreek's Rebuttal:

Mr. Barber, for Okreek: Rebutted Noble's reference to precedent noting that the case at issue is distinguishable because Okreek and its predecessor in interest did not receive the proper notice required and subsequently contemplated by the forced pooling penalties.

Staff's Closing Comment:

Director Lepore: Staff does not support Noble's proposed modification to the Draft Report; Staff is of the opinion that the Commission is granted broad discretion to impose appropriate conditions to pooling orders in light of all the facts before it.

2:39pm

Record Closed and Commissioner Deliberations:

Commissioners Hawkins, Randall, Benton, and Spielman: Noted the important precedential nature of the matter and the need to consider broader implications of a decision; stated concern about not granting relief to an aggrieved party such as Okreek, noting that the normal treatment of a nonconsenting mineral owner does not seem appropriate under these circumstances; discussed the Commission's discretion to impose a retroactive and retrospective equitable remedy given the facts of this case; noted the foundational nature of notice; discussed details of the motion below prior to voting upon it.

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2:51pm

Motion:	Commissioner Holton, with a friendly amendment, moved to continue deliberations on this matter until the August 29, 2016 COGCC Hearing, during which time the Parties may reach a negotiated resolution, Staff will be required to confirm whether a settlement discussion occurred in advance of the August Hearing, if no resolution is reached, the Commission will continue deliberations and vote on the matter, and the record will remain closed.		
Second:	Commissioner Benton		
Yea:	Commissioners Spielman, Benton, Holton, Randall, and Wolk.	Abstain:	None
Nay:	Commissioner Hawkins	Recused:	None
Result:	Motion Approved		

3:02pm The Commission adjourned.

The Secretary was therefore authorized to issue the following orders:

Approved General Consent Orders: See Appendix A

Approved Enforcement Consent Orders: See Appendix B

-END-

FOR THE COLORADO OIL AND GAS
CONSERVATION COMMISSION



Julie Murphy, Secretary

Approved:



Andrew Spielman, Chairman

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Appendix A

Approved General Consent Orders

Group A

Order No. 407-1750, Docket No. 160700289, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things: Apply the cost recovery provisions of C.R.S. § 34-60-116(7) to additional parties within an established 720-acre Wellbore Spacing Unit covering the Application Lands, established for Klein 19M-232 well (API #05-123-40250), which was pooled by Order No. 407-1674.

Application lands: Township 5 North, Range 64 West, 6th P.M. Section 16: S½SW¼, SW¼SE¼
Section 17: S½S½ Section 18: S½SE¼ Section 19: N½NE¼ Section 20:
N½N½ Section 21: N½NW¼, NW¼NE¼

Order No. 407-1751, Docket No. 160700290, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things: Apply the cost recovery provisions of C.R.S. § 34-60-116(7) to additional parties within an established 720-acre Wellbore Spacing Unit covering the Application Lands, established for Klein 19M-402 well (API #05-123-40248), which was pooled by Order No. 407-1673.

Application lands: Township 5 North, Range 64 West, 6th P.M. Section 16: S½SW¼, SW¼SE¼
Section 17: S½S½ Section 18: S½SE¼ Section 19: N½NE¼ Section 20:
N½N½ Section 21: N½NW¼, NW¼NE¼

Order No. 407-1752, Docket No. 160700291, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things: Apply the cost recovery provisions of C.R.S. § 34-60-116(7) to additional parties within an established 720-acre Wellbore Spacing Unit covering the Application Lands, established for Klein 19N-202 well (API #05-123-40249), which was pooled by Order No. 407-1672.

Application lands: Township 5 North, Range 64 West, 6th P.M. Section 19: NE¼ Section 20:
N½ Section 21: NW¼, W½NE¼

Order No. 407-1753, Docket No. 160700292, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things: Apply the cost recovery provisions of C.R.S. § 34-60-116(7) to additional parties within an established 720-acre Wellbore Spacing Unit covering the Application Lands, established for Klein 19N-302 well (API #05-123-40145), which was pooled by Order No. 407-1671.

Application lands: Township 5 North, Range 64 West, 6th P.M. Section 19: NE¼ Section 20:
N½ Section 21: NW¼, W½NE¼

Order No. 407-1754, Docket No. 160700293, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things: Apply the cost recovery provisions of C.R.S. § 34-60-116(7) to additional

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parties within an established 360-acre Wellbore Spacing Unit covering the Application Lands, established for Klein 19N-312 well (API #05-123-40247), which was pooled by Order No. 407-1670.

Application lands: Township 5 North, Range 64 West, 6th P.M. Section 19: N $\frac{1}{2}$ NE $\frac{1}{4}$ Section 20: N $\frac{1}{2}$ N $\frac{1}{2}$ Section 21: N $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

Order No. 407-1755, Docket No. 160700294, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things: Apply the cost recovery provisions of C.R.S. § 34-60-116(7) to additional parties within an established 520-acre Wellbore Spacing Unit covering the Application Lands, established for Klein 19N-432 well (API #05-123-40150), which was pooled by Order No. 407-1669.

Application lands: Township 5 North, Range 64 West, 6th P.M. Section 19: NE $\frac{1}{4}$ Section 20: N $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ N $\frac{1}{2}$ Section 21: S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$

Order No. 407-1756, Docket No. 160700295, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things: To apply the cost recovery provisions of C.R.S. § 34-60-116(7) to additional parties within an established 560-acre Wellbore Spacing Unit covering the Application Lands, established for Klein 19O-232 well (API #05-123-40147), which was pooled by Order No. 407-1661.

Application lands: Township 5 North, Range 64 West, 6th P.M. Section 19: NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 20: S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$ Section 21: N $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

Group B

Order No. 407-1743, Docket No. 160700262, Wattenberg Field, Weld County

Subject: Approves Bonanza Creek Operating Company, LLC's request for an order to among other things: Establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, and authorizing the drilling of ten (10) horizontal wells within the proposed unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation

Application lands: Township 5 North, Range 62 West, 6th P.M. Section 11: All Section 14: All

Order No. 407-1744, Docket No. 160700263, Wattenberg Field, Weld County

Subject: Approves Cub Creek Energy, LLC's request for an order to among other things: 1) Pool all interests in the approximate 320-acre horizontal wellbore spacing unit to be established by Rule 318A.e.(5) for the Application Lands, for development and operation of the Codell-Niobrara Formation, with the pooling order effective as of the date of the Application.

Application lands: Township 4 North, Range 68 West, 6th P.M. Section 32: S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$

Group C

Order No. 407-1749, Docket No. 160700283, Wattenberg Field, Weld County

Subject: Approves Bayswater Exploration & Production, LLC's request for an order to among other things: Pool all interests in one approximate 320-acre wellbore

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spacing unit (“WSU No. 1”) and in one approximate 640-acre wellbore spacing unit (“WSU No. 2”) established for the Application Lands, for the development and operation of the Niobrara and Codell Formations.

Application lands: Wellbore Spacing Unit (WSU) #1 Mojack N-28HC Well (Codell Formation) Township 7 North, Range 64 West, 6th P.M. Section 28: E½E½ Section 33: E½E½ WSU #2 Mojack P-28HN Well (Niobrara Formation) Township 7 North, Range 64 West, 6th P.M. Section 27: W½W½ Section 28: E½E½ Section 33: E½E½ Section 34: W½W½

Group D

Order No. 407-1745, Docket No. 160700264, Wattenberg Field, Weld County

Subject: Approves Synergy Resources Corporation’s request for an order to among other things: Establish one approximate 648.456-acre drilling and spacing unit for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Application lands: Township 5 North, Range 90 West, 6th P.M., Section 16: NE¼, S½NW¼, SW¼, N½SE¼, SW¼SE¼ Section 17: Lots 9 (42.69), 15 (42.91), 16 (42.85)

Order No. 407-1757, Docket No. 160700297, Wattenberg Field, Weld County

Subject: Approves Verdad Oil & Gas Corporation’s request for an order to among other things: Pool all interests in an approximate 480-acre horizontal wellbore spacing unit, established for the Application Lands, for the development and operation of the Niobrara Formation.

Application lands: Township 2 North, Range 63 West, 6th P.M. Section 9: SE¼ Section 16: E½

Order No. 407-1758, Docket No. 160700298, Wattenberg Field, Weld County

Subject: Approves HRM Resources II, LLC’s request for an order to among other things: Establish an approximate 640-acre drilling and spacing unit for the Application Lands, and authorize the drilling of up to six (6) horizontal wells within the proposed unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

Application lands: Township 1 North, Range 65 West, 6th P.M. Section 30: E½ Section 31: E½

Order No. 407-1759, Docket No. 160700303, Wattenberg Field, Weld County

Subject: Approves Verdad Oil & Gas Corporation’s request for an order to among other things: Pool all interests in an approximate 320-acre horizontal wellbore spacing unit, established for the Application Lands, for the development and operation of the Niobrara Formation.

Application lands: Township 1 North, Range 65 West, 6th P.M. Section 30: E½W½, W½E½

Group E

Order No. 407-1742, Docket No. 160600224, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.’s request for an order to among other things: Pool all interests in two approximate 320-acre and six approximate 640-acre horizontal wellbore spacing units established for the Application Lands, for the development and operation of the Niobrara and Codell Formations.

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Application lands: Township 5 North, Range 64 West, 6th P.M. Section 25: N $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$
Section 26: N $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$ Township 5 North, Range 64 West, 6th P.M.
Section 25: N $\frac{1}{2}$ S $\frac{1}{2}$ Section 26: N $\frac{1}{2}$ S $\frac{1}{2}$ Township 5 North, Range 64 West,
6th P.M. Section 25: S $\frac{1}{2}$ Section 26: S $\frac{1}{2}$ Township 5 North, Range 64 West,
6th P.M. Section 25: S $\frac{1}{2}$ S $\frac{1}{2}$ Section 26: S $\frac{1}{2}$ S $\frac{1}{2}$ Township 5 North, Range 64
West, 6th P.M. Section 25: S $\frac{1}{2}$ S $\frac{1}{2}$ Section 26: S $\frac{1}{2}$ S $\frac{1}{2}$ Section 35: N $\frac{1}{2}$ N $\frac{1}{2}$
Section 36: N $\frac{1}{2}$ N $\frac{1}{2}$

Order No. 407-1746, Docket No. 160700274, Wattenberg Field, Weld County

Applicant: PDC Energy, Inc., LLC

Subject: Approves PDC Energy, Inc.'s request for an order to among other things:
Subject Order No. 407-1385 to one previously unknown interested party in an
approximate 315-acre horizontal wellbore spacing unit established for the
Bernhardt 6O-443 Well (API No. 05-123-40399), for the development and
operation of the Codell Formation.

Application lands: Township 4 North, Range 66 West, 6th P.M. Section 6: E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 7: E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$

Order No. 407-1747, Docket No. 160700275, Wattenberg Field, Weld County

Subject: Approves Caerus WashCo LLC's request for an order to among other things:
Establish an approximate 1280-acre drilling and spacing unit for the
Application Lands for the production of oil, gas and associated hydrocarbons
from the Niobrara and Codell Formations and approve a total of up to 28
horizontal wells within the unit.

Application lands: Township 6 North, Range 61 West, 6th P.M. Section 2: All Section 11: All

Order No. 407-1748, Docket No. 160700278, Wattenberg Field, Weld County

Subject: Approves PDC Energy, Inc.'s request for an order to among other things:
Subject one previously unknown interested party to Order No. 407-1386
which pooled all interests an approximate 315-acre horizontal wellbore
spacing unit established for the Bernhardt 6O-243 Well (API No. 05-123-
40493), for the development and operation of the Niobrara Formation.

Application lands: Township 4 North, Range 66 West, 6th P.M. Section 6: E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 7: E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$

Group F

Order No. 540-62, Docket No. 160700271, Sand Wash Horizontal Niobrara Field, Moffat County

Subject: Approves GRMR Oil & Gas, LLC's request for an order to among other
things: Establish one approximate 648.456-acre drilling and spacing unit for
the Application Lands, for the production of oil, gas and associated
hydrocarbons from the Niobrara Formation.

Application lands: Township 5 North, Range 90 West, 6th P.M., Section 16: NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$,
SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 17: Lots 9 (42.69), 15 (42.91), 16 (42.85)

RECORD OF PROCEEDINGS

Group G

Order No. 1-197, Docket No. 160700304, Wattenberg Field, Weld County

Applicant: Bonanza Creek Energy Operating Company, LLC (Operator No. 8960)

Attorneys: Jamie L. Jost & Kelsey Wasylenky

Protestant: Edge Energy, LLC (Operator No. 10518)

Attorneys: Joseph C. Pierzchala & Chelsey J. Russell

Subject: Dismisses Bonanza Creek Energy Operating Company, LLC's request for an order to among other things: 1) revoke an Application for Permit to Drill, Form 2, for the Flaherty 18-7-10NBH Well (the "Flaherty Well") of Edge Energy, LLC as the issuance of such Application for Permit to Drill is in violation of C.R.S. 34-60-107, C.R.S. 34-60-116(5) and C.R.S. 34-60-117. 2) allow the Commission or Director to issue an immediate cease and desist order against Edge Energy, LLC prohibiting any drilling activities on the Flaherty Well.

RECORD OF PROCEEDINGS

Appendix B Approved Enforcement Consent Orders

Enforcement Group A

Order No. 1V-585, Docket No. 160400009, Petrox Resources, Inc.. (Operator No. 69805)

Subject: Approves an AOC with Petrox imposing a \$10,000 penalty for a violation of Rule 1003.d.(2) (Drilling Pit Closure) for the failure to close a drilling pit within six months after drilling and completion activities concluded.

Order No. 1V-589, Docket No. 160100076, Carrizo Niobrara (Operator No. 10439)

Subject: Approves an AOC with Carrizo assessing a \$40,000 penalty for a violation of Rule 912 - Flaring at the O'Hare #2-29-11-57 Well, in Weld County.

Order No. 1V-580, Docket No. 160600165, Ursa Operating Company LLC (Operator No. 10447)

Subject: Approves an AOC with Ursa imposing a \$20,625 penalty for violations of Rule 605.d. (Oil and Gas Facilities) and Rule 805.a. (Odors and Dust) at the Yater, Monument Ridge, and Watson Ranch B Pads in Garfield County, Colorado.

Order No. 1V-590, Docket No. 160600199, XTO Energy Inc. (Operator No. 100264)

Subject: Approves an AOC with XTO imposing a \$10,000 penalty for a violation of Rule 1102 (Operations, Maintenance and Repair) at a produced water flowline in La Plata County, Colorado.

Order No. 1V-587, Docket No. 160700305, Arnold and Darleen Mackley (Operator No. 10043)

Subject: Approves an AOC with Arnold and Darleen Mackley foreclosing a \$5,000 cash financial assurance for a non-operable, leaking domestic gas well, and authorizing staff to plug and abandon the well.