



TO: Rob Mathes, Attorney for Applicant, Gunnison Energy Corporation
David Baumgarten, Attorney for Intervener, Board of County
Commissioners of the County of Gunnison
Carol Harmon, Attorney for COGCC

FROM: Tricia Beaver, Hearings Manager

DATE: October 20, 2003

CC: Oil and Gas Commissioners

RE: Prehearing Conference Summary
Cause No. 1, Docket No. 0310-GA-05

On October 16, 2003, pursuant to Rules 511. and 527. of the Rules and Regulations of the Oil and Gas Conservation Commission (the "Rules") the staff of the Colorado Oil and Gas Conservation Commission (the "COGCC" or the "Commission") convened a prehearing conference to clarify the nature and scope of the hearing to be conducted on the referenced Gunnison Energy Corporation ("GEC") application to the Commission seeking a variance extending the time within which GEC may commence operations on eight wells on federal lands (two of which are in Gunnison County and six of which are in Delta County). Summarized below are the issues identified by the parties and staff.

Participating in the prehearing conference were the following:

Rob Mathes, Attorney, GEC
Peter Bjork, Attorney, GEC
Vince Zodiaco, Executive Vice President, GEC
Tony Gale, Vice President, GEC
David Baumgarten, Attorney, Gunnison County, by telephone
Carol Harmon, Attorney, COGCC
Tricia Beaver, COGCC Hearing Officer

A. Background and Procedural History

1. On or about September 22, 2003, GEC filed with the COGCC staff an application for an order for a variance extending the time within which GEC may commence operations on the Leon Lake #4 Well and Leon Lake #5 Well from November 20, 2003, until November 20, 2004; on the Powerline Federal Well, the Oakbrush Federal Well, the Bullpark Federal Well, the Hubbard Creek Federal Well, and the Thompson Creek

Federal Well from January 16, 2004, January 20, 2004, and January 24, 2004, respectively, until January 24, 2005, and on the Hawksnest Federal Well from May 1, 2004, until September 30, 2004.

2. This matter was docketed for the October 27, 2003 Commission hearing.

3. On October 7, 2003, the Board of County Commissioners of the County of Gunnison submitted a Motion to Intervene on GEC's application.

B. Prehearing Issues Discussed

1. Mr. Baumgarten stated that the Board of County Commissioners wanted to participate in the Commission's process and therefore filed the Motion to Intervene; however, the Board is not opposed to the Commission granting a variance to GEC but would like to have the Commission include a requirement that GEC comply with Gunnison County's Temporary Regulations for Oil and Gas Operations prior to the commencement of work on the Hawksnest Federal Well and the Thompson Creek Federal Well.

2. Ms. Harmon responded that the State has not taken a position on the federal/county preemption issues and therefore she cannot advise the Commission to condition the two Applications for Permit-to-Drill with the County's request. In addition, she stated that the decision from Judge Patrick in the BDS case would need to be considered and it will not be out for ten days. Further, Ms. Harmon responded that the COGCC has challenged specific provisions of the County's regulatory process and cannot take a contrary position.

3. Mr. Baumgarten stated he does not plan to attend the Commission hearing and will let the Motion to Intervene stand on its own.

4. Mr. Bjork presented GEC's exhibits to the Hearing Officer and stated that Mr. Baumgarten had also been presented with the exhibits.

C. Case Management

GEC will present one witness, Tony Gale, to testify on the Applicant's exhibits. The estimated time for this witness is 20 minutes.