

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 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.; FOR THE COMPREHENSIVE DEVELOPMENT AND OPERATION OF THE CODELL, NIOBRARA, FT. HAYES AND CARLISLE SHALE FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO.

CAUSE NO. 1

DOCKET NO. 180700613

TYPE: GENERAL
ADMINISTRATIVE

DIRECTOR'S FINDING OF SUITABILITY OF NOBLE ENERGY, INC.'S
FINAL COMPREHENSIVE DRILLING PLAN

Pursuant to Rule 216.d.(4), the Director submits to the Commission her Finding of Suitability of Noble Energy Inc.'s (Operator No. 100322) ("Noble") Final Comprehensive Drilling Plan ("Final CDP"). Noble's expansive plan satisfies many landscape-level planning features that ensure comprehensive planning for oil and gas activity in a manner that avoids or minimizes impacts. With this Finding of Suitability, the Director has directed the Final CDP be placed on the Commission's agenda for the October 29-30, 2018 hearing. In support of this Finding, the Director states as follows:

Background

On May 31, 2018 (amended June 22, 2018), Noble filed with the Colorado Oil and Gas Conservation Commission ("COGCC") its Application for an Order approving a Comprehensive Drilling Plan and 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 with the Colorado Oil and Gas Conservation Commission. ("Application"). On July 5, 2018, Noble filed its Initial Comprehensive Drilling Plan ("Preliminary CDP"). On August 1, 2018, the Commission heard and approved Noble's request for a limited stay of certain applications for permits and drilling and spacing unit applications within the lands proposed for inclusion in the CDP. See Order No. 1-210. On August 7, 2018 (modified August 10, 2018), Noble submitted its Final CDP.

In developing its CDP, Noble worked with COGCC Staff, the Colorado Department of Public Health and Environment ("CDPHE"), Colorado Parks and Wildlife ("CPW"), and other stakeholders, including Weld County and various surface owners. The Preliminary CDP and Final CDP were made available to the public for review and comment. See Rule 216.d.(6). The

Director reviewed and considered comments received from stakeholders and the public when evaluating the suitability of Noble's CDP.

History and Purpose of CDPs

Under the Oil and Gas Conservation Act §§ 34-60-101 – 130, C.R.S. (“Act”), the Commission is the regulator of upstream oil and gas operations in Colorado. The Commission promulgates rules that govern the application process to drill and operate oil and gas wells in the state. § 34-60-106(1)(f), C.R.S.

In 2007, the General Assembly adopted H.B. 07-1298. Among other things, H.B. 07-1298 required the COGCC to consult with CPW in the promulgation of rules to encourage “operators to utilize comprehensive drilling plans and geographic area analysis strategies to provide orderly development of oil and gas fields.” (2007 COLO. SESS. LAWS, ch. 312, p. 1330 (H.B. 07-1298)); codified at § 34-60-106(11)(a)(I)(A), C.R.S. Following the 2007 legislation, the Commission embarked on “the most extensive rulemaking hearing in the Commission’s history.” Statement of Basis, Specific Statutory Authority, and Purpose, 2008 Rulemaking (“SBP”), at p. 5. This rulemaking effort spanned a year of public hearings and included thousands of stakeholders and parties. *Id.* at 3–6. One of the results of this year long rulemaking was Rule 216, Comprehensive Drilling Plans.

CDPs provide the Commission and operators the opportunity to consider oil and gas development in an area in a more holistic manner. As explained in the SBP accompanying the promulgation of Rule 216, CDPs provide more than just an efficient means of development for operators. CDPs “encourage landscape-level planning and regulatory review....” SBP at p. 21. Such an approach to planning will “help to better address cumulative effects, promote [efficiency], and facilitate more win-win situations.” *Id.*

The regulatory review process of a CDP follows that of a Form 2A, Oil and Gas Location Assessment (“Form 2A”). See Rule 216.c. The CDP process allows for the “‘bundling’ of Form 2A requirements, presented in Rule 303.” SBP at p. 20; see *also* Rule 216.f.(1), (“... the Comprehensive Drilling Plan [will be] subject to procedures substantially equivalent to those required for a Form 2A...”). If a CDP satisfies all of the Rule 303.b. requirements, then the operator is not required to submit a Form 2A. Rule 216.f.(1). However, as the Commission has explained, a CDP is not a “shield” for operators to use to avoid the Form 2A process or public notice and public comment. SBP at p. 21. If a CDP does not substantially meet the Form 2A requirements of Rule 303.b., “then a Form 2A shall be required for a proposed oil and gas location included in the Comprehensive Drilling Plan.” Rule 216.f.(2).

A CDP may be found suitable even if all of the Form 2A requirements are not satisfied with the filing of the CDP. This does not exempt an operator from complying with the Form 2A requirements, nor does it relieve the Director from her administrative role in the review and approval of Form 2As subject to the CDP. If all Form 2A requirements of Rule 303.b. are not satisfied at the time the operator submits the CDP, the operator will then have to comply with all Rule 303.b. requirements at the time it submits its Form 2A for a CDP.

Similarly, a finding of suitability will not exempt an operator from having to comply with the Commission’s regulatory process for applications for permits-to-drill (“APDs” or “Form 2s”), and applications to establish drilling and spacing units. In practice, Form 2s, Form 2As, and drilling and spacing unit applications must be submitted by an operator for a CDP after the CDP is accepted by the Commission. The reason for this is that CDPs do not meet the administrative requirements of

the Form 2, Form 2A, or drilling and spacing unit applications. Moreover, the information provided in a CDP does not satisfy the COGCC's data management requirements. Accordingly, CDP operators must still submit Form 2, Form 2A, and drilling and spacing unit applications for CDP lands, though the Commission can alter requirements in its CDP acceptance based upon sufficient information being submitted with the CDP

A CDP can only be accepted by the Commission after a hearing. See Rule 216.d.(4); see *also* § 34-60-106(6) ("The commission has the authority, as it deems necessary and convenient, to conduct any hearings or to make any determinations it is otherwise empowered to conduct..."). And a CDP will not be placed on the Commission's agenda for hearing unless the Director "considers [the CDP] suitable after consultation with the [CDPHE] and the [CPW], as applicable, and consideration of any other comments." *Id.* Moreover, the local government or governments affected by the proposed CDP are invited to be part of the development of the CDP before the Director considers whether the CDP is suitable and before the CDP is placed on the Commission's agenda for hearing. Rule 216.d.(2). While Staff takes into consideration local government and other stakeholder comment, Staff must still conduct its review and analysis of a CDP in accordance with its Rules, which may result in a local government's comments not being determinative in the Director's finding of suitability of a CDP.

If the Commission accepts Noble's proposed development activities in the below described lands, and accepts Noble's Final CDP, Noble still must submit applications to the Commission for approval of all Form 2s, Form 2As, and drilling and spacing units. In the course of reviewing these applications the Commission will, as it does for all applications, determine whether they satisfy the Act and Commission Rules. And as with all applications before the Commission, the public will have the opportunity to provide comment. As the Commission considers the Final CDP, it will be asked to consider and approve Noble's proposed development activities. Not before the Commission are site-specific technical aspects of future Form 2s, Form 2As, or drilling and spacing unit applications, such as the siting of oil and gas facilities on a pad.

Noble's Proposed CDP and the Stakeholder Process

The CDP is located in Weld County and contains the following lands:

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.

These lands are hereinafter referred to as the “Application Lands” or the “CDP Area.”

Noble has a working interest of 85%, approximately 54,497 net mineral acres, within the Application Lands. The CDP Area is largely rural and no large-scale subdivisions are within the CDP boundaries. Approximately 275 surface owners are within the CDP Area, with the Guttersen Ranch covering a large portion of the surface acreage. Application Lands are privately owned or owned by the State Land Board. The Application Lands are primarily used for agricultural purposes, with notable oil and gas development throughout the CDP Area. Approximately 2,306 vertical or directional wells are within the CDP Area.

Most of Milton Reservoir lies within the CDP Area, as does Box Elder Creek. Box Elder Creek is within a 100-year floodplain and mapped as an Aquatic Recovery and Conservation Water. An Aquatic Recovery and Conservation Water means that it is managed for several species of Eastern Plains native fish. Bald Eagle nests are also within the CDP Area.

Noble’s Final CDP proposes the following development:

- 47 Drilling and Spacing Units (“DSU”) each encompassing approximately 1,280 acres
- Each DSU is designed to accommodate up to 15 horizontal wells per unit, and one horizontal well on the boundary line, with a combined total maximum of 772 wells to develop in the CDP
- 147 Well Site Locations served by 29 “GEN IV” Econode Production Facility

Locations for a total of 176 Oil and Gas Locations

- The CDP Area has been designed to minimize tank storage of produced fluids. Noble will utilize a pipeline to carry all fresh water to the CDP Area and produced water and oil and gas liquids from the CDP Area.
- Noble will utilize pipelines to remove all gas from the CDP Area to minimize the need for flaring.

Development within the CDP coincides with Noble's existing development plans in the area, which began in the first half of 2018. If the CDP is accepted by the Commission, Noble expects drilling and completion operations to continue through 2024.

Due in large part to Noble's extensive planning and development efforts prior to submitting its CDP, minimal material comments to the Preliminary CDP were received. Thus few changes to the CDP were made between the Preliminary CDP and the Final CDP. Stakeholder comments received largely sought to identify and propose refinements to the CDP that would further ensure the protection of public health, safety, and welfare and the environment including wildlife.

In its written comments, the CDPHE commended Noble for its efforts to: limit odors from materials storage, install pipelines, reduce flaring (except in emergencies and during maintenance), eliminate or reduce significantly sources of volatile organic compounds (VOCs) and NOx emissions, and implement its Leak Detection and Repair (LDAR) program at the pads. The CDPHE also had several comments applicable to how the CDP could be refined, which Noble addressed in its Final CDP.

Specifically, the CDPHE commented that Noble should use covered containers to store oil based drilling mud on well sites in addition to other odor reduction measures. Noble revised its Final CDP to reflect the CDPHE's comments on how to further reduce odors. Noble also adopted the CDPHE's comment that testing for and proper disposal of all exploration and production waste containing technologically enhanced naturally occurring radioactive materials (TENORM) will be done. The CDPHE also recommended that Noble explore all available means to recycle and reuse produced water, and implement measures to control unnecessary and excessive venting during plugging and abandonment operations of the thousands of existing wells in the CDP Area. Noble positively addressed each of these comments in its Final CDP.

The CPW comments identified two major concerns regarding wildlife habitat and recommended Noble limit or avoid development in the vicinity of water bodies and in the vicinity of raptor and songbird nests. As noted above, the CDP Area includes Box Elder Creek, which is within a 100-year floodplain, and all of Milton Reservoir, except the southwestern shore. CPW requested that Noble avoid locating well pads within a ½ mile of Milton Reservoir and nearby bald eagle nests. The Final CDP commits that there are no planned facilities within a ½ mile of the eagles' nests, and only one facility is planned within a ½ mile of Milton Reservoir.

With respect to Box Elder Creek, the Final CDP provides that the number of facilities located within the Box Elder Creek 100-year floodplain will be limited. The Final CDP proposes four facilities to be located within the 100-year floodplain. Noble has committed in its Final CDP to use existing road crossings to minimize vehicle crossings of Box Elder Creek. If any new crossings of Box Elder Creek may be necessary, Noble commits to implementing and maintaining appropriate sedimentation measures to cross the Creek, recognizing that the Creek is mapped as an Aquatic Recovery and Conservation Water.

The Director appreciates CPW's comment regarding development in a floodplain. After the historic September 2013 flooding along the Front Range the COGCC conducted a survey of how many wells in Colorado were located within 500 feet of a drainage. That survey found that 20,850 oil and gas wells lie within 500 feet of a drainage. "Lessons Learned," at p. 3. The survey further found that more than 5,900 wells lie within 500 feet of a Colorado river, stream or other waterway. *Id.*

As a result of the "Lessons Learned" from the 2013 flood, the Commission conducted a rulemaking to revise the 600 Series Rules to improve floodplain protection from oil and gas operations. One of the many amendments to the 600 Series included the requirement that all new wells within a floodplain be equipped with remote shut-in capabilities. Rule 603.h.(1)B. The Commission also required that all new wells have secondary containment areas around tanks, and that containment berms meet heightened construction standards. See Rules 603.h.(1)C and 603.h.(2)C.

While there can be no guarantee that a major flood event will not impact oil and gas operations, the scope and depth of Rule 603.h. ensures that all necessary and available precautions will have been taken to prevent a spill from any facilities that may be located within the Box Elder Creek floodplain. Once initial flowback is completed, all liquids produced from the wells will be transported by pipeline. Use of a pipeline, rather than permanent on-site storage tanks, coupled with remote shut-in technology significantly reduces the threat of a spill from wells during a flood.

Staff's Analysis

Once a proposed CDP is received, Staff works with the operator to "review the proposal, identify information needs, discuss operations and potential impacts, and *establish measures to minimize* adverse impacts resulting from oil and gas development activities covered by the Plan." Rule 216.d.(3). (emphasis added). Since Noble submitted its Preliminary CDP, Staff has worked with Noble, while taking into consideration stakeholder comments and concerns, to determine whether the CDP satisfies Rule 216. Below is Staff's analysis of the Final CDP.

Introduction

COGCC Staff has reviewed Noble's Final CDP for lands in Weld County and determined the CDP complies with Rule 216. The CDP satisfies the Purpose specified in 216.a, the Scope specified in 216.b, and includes the information requirements in Rule 216.c. By its analysis, Staff considers the CDP to be suitable and recommends that it be placed on the Commission's hearing agenda for acceptance. The Final CDP is the result of extensive comprehensive planning that involved the COGCC, the CDPHE, CPW, local government, and the public.

CDP Phases and Comment Review

In early 2018, Noble contacted the COGCC Director to initiate discussions regarding the timing, requirements, and process for a Rule 216 CDP. In conducting its review, COGCC staff relied upon a list of CDP plan elements and developed a timeline for the CDP. The plan elements consisted of two anticipated phases of deliverables: "Conceptual and Preliminary" and "Final" through which the requirements of Rule 216 would be met and details of the CDP would be solidified. The initial proposed timeline reflected a rigorous timetable with two distinct deliverables – the Preliminary CDP and Final CDP, followed, by a recommendation from the Director to the Commission on whether to accept the CDP. The Final CDP results from changes

in response to comment and input from stakeholders and feedback and revisions to Noble's Draft CDP. Throughout the process, the COGCC has revised and updated the timeline and maintained the most current version of the CDP and timelines on its website with updates and announcements posted on the website. In addition, COGCC maintained on its website a map of the CDP Area.

The following paragraphs summarize the sequential submittals made by Noble and briefly describes the feedback received.

Noble submitted the initial "conceptual and preliminary" Preliminary CDP, to the COGCC on May 31, 2018 (amended June 22, 2018). The COGCC published the Preliminary CDP to the COGCC Special Projects webpage on July 6, 2018, following the COGCC's initial completeness review and subsequent changes made by Noble. The Preliminary CDP included all required conceptual CDP plan elements. The Preliminary CDP proposed 147 Well Site Locations and 29 Production Facility Locations (econodes) for a total of 176 Oil and Gas Locations, in the 100-square mile CDP Area. The spacing between locations, siting, and well counts were similar to the nearby horizontal oil and gas development in Weld County. The CDP proposes "tankless locations" with oil, gas, and water pipeline connections to central processing facilities at the western edge of the CDP Area.

Noble developed its initial location selection based on the area-wide plan for mineral development. The CDP lands will be developed in a row concept operating as west-to-east drilling corridors. A single operational corridor will provide facilities and takeaway capacity for two development rows, allowing for north and south "sister" drilling units gathered at common facilities. This development plan minimizes disturbance to the surface.

Noble's development proposal took into consideration the presence and locations of sensitive receptors including Building Units, wetlands, and Sensitive Wildlife Habitat. Through this analysis, Noble identified 147 well Locations, of which four Locations are within the 100-year floodplain of Box Elder Creek and one Location within a ½ mile of Milton Reservoir. (The Milton Reservoir location is within the CPW recommended buffer for the Reservoir). Staff's review of the proposed Locations within the CDP Area concluded that the Locations were suitable and mitigation measures necessary to alleviate potential impacts to these receptors would be manageable.

On July 10, 2018, the COGCC made available to the public a comment portal for Noble's CDP on the COGCC Special Projects website. Two public comments were submitted for the Preliminary CDP. The concerns raised in public comment were traffic, loss of property value and noise. Specific concern was raised regarding the use of Weld County Road (WCR) 38 to the west of WCR 53. Upon Staff review, it was determined that approximately 0.5-mile of WCR 38, west of WCR 53 would be utilized for access in "Drilling Plan" 432. However, as stated in the Final CDP, primary traffic will be confined to WCR 49, WCR 34, and WCR 50, with secondary traffic utilizing WCR 53, WCR 44, and WCR 63. (Traffic Plan, at p. 13 - 14).

On August 7, 2018, Noble submitted the Final CDP. In the Final CDP, Noble addressed all Staff concerns and comments as well as agency comments from the CDPHE and CPW. Two Public Comments were received during the Public Comment period for the Final CDP. A duplicate public comment was submitted by the same commentor, expressing concerns about noise, property value, traffic and wildlife. The second Public Comment was submitted by Anadarko Petroleum Corporation, regarding its right to protest the CDP application.

Staff Analysis

Noble is commended on its comprehensive, thoughtful and expert approach to developing its CDP. The Noble CDP achieves the purpose and intent of CDPs that the Commission identified when promulgating Rule 216. Noble clearly sought to approach development of the CDP Area from a true landscape-level perspective. And with that approach to development, Noble was able to identify and propose measures and development techniques that “better address cumulative effects, promote [efficiency], and facilitate more win-win situations.” SBP at p. 21

During the development of Noble’s CDP, COGCC Staff made clear that although the plan would identify the proposed Oil and Gas Locations, the acceptance of the CDP would not satisfy the requirements of individual Form 2As or Form 2s. As such, COGCC Staff did not conduct a technical review in the same manner as would be done for Form 2A or Form 2 applications where site-specific analyses of specific potential impacts to specific receptors are addressed through mitigation measures. That granular level of review by Staff will be conducted when those applications are submitted to the COGCC. The purpose of COGCC’s review was to determine the “suitability” of the proposed CDP for “acceptance” by the Commission. Factors used to determine suitability of the CDP included an analysis of the plan elements to meet the specific recommendations contained within Rule 216, and a determination that the process was sufficiently robust to accommodate comments and inputs from stakeholders and the public.

As described above, Noble considered input from many sources as they developed their Final CDP. Both the Preliminary CDP and the Final CDP included: direct outreach through telephone, public comment, Staff review, and agency comments submitted by the CDPHE and CPW. The Final CDP incorporates the feedback received and solidifies much of the conceptual and preliminary information described in the Preliminary Draft. In addition to the above-stated participants, Noble consulted with or notified Weld County, the Colorado Department of Transportation, Colorado State Land Board, the Bureau of Land Management, working interest owners, and unleased mineral owners during the development of the Preliminary CDP and Final CDP.

In conducting its review of the Final CDP, COGCC Staff incorporated its review of the Preliminary Draft version and considered all public comments and agency feedback provided throughout the process. Further, COGCC evaluated Rule 216 itself, including the Statement of Basis and Purpose that accompanied the promulgation of Rule 216. The COGCC does not consider a CDP to be a document that can or will eliminate all conflicts, or assuage all opposition to oil and gas development. However, the application of Rule 216 provides a forum for specific issues to be brought forward, evaluated, and addressed, and for potential conflicts to be identified in advance of oil and gas operations, such that those issues and conflicts can be mitigated or resolved. Here, the CDP process successfully identified potential issues and the Final CDP proposes effective ways of addressing and mitigating those issues.

For example, potential impacts to raptor nests were identified during the preparation of the CDP. These impacts to raptor nests were addressed by Noble in its summary of pre-construction survey process. Additionally, Noble modified the Mustang CDP Wildlife/Floodplains and Colorado Parks and Wildlife Exhibits (Exhibits N and N1) to clearly identify the location and raptor nest for compliance with CPW Recommended Buffers.

Through the Staff review process Noble worked to ensure that all proposed Locations are as far as practicable from Building Units. Noble’s Preliminary and Final CDP proposed 147 Well Locations and 29 Production Facility Locations (econodes) of which a small number encroach

on Building Units. In the event that a Location is sited within a Designated Setback Location, Best Management Practices and mitigation measures will be applied to ensure protection of public health and safety.

During the review of the Preliminary CDP, Staff noted the need for a more detailed comprehensive reclamation plan. In the Final CDP, Noble provided comprehensive specifics regarding their standard procedures for reclamation activities; however, more detailed site-specific information, (e.g. depth of topsoil), will be provided on a site-specific basis. Staff is working with Noble to obtain a topsoil management plan for the CDP Area prior to the Commission hearing. The topsoil management plan will be implemented on individual Oil and Gas Locations within the CDP Area.

Staff's engineering review of Preliminary CDP and the Final CDP included the topics of the drilling permit adjacent wellbore review, bradenhead testing, crude oil and water transfer systems, and centralized facilities. Staff's review identified a need for a conceptual schedule of construction (including pipeline installation) and drilling activities that should be updated as needed. Communication of this schedule will facilitate appropriate allocation of staff resources for permit review and field inspection during the implementation of the CDP.

Staff worked with Noble to develop language for managing the Rule 216.f.(4) 30-day timeframe for issuing a decision on the Form 2A and Form 2 within the CDP area. The 30-day clock will be suspended upon staff's request for missing or incomplete information on the forms.

Staff's Recommendation

Based on Staff's review of the process and content of the Final CDP, the Commission should accept Noble's CDP for development of the mineral resources in the CDP Area. The CDP achieves a landscape-level development plan for the Application Lands. This landscape-level approach has allowed Noble to identify measures that will mitigate, and in some instances greatly reduce, impacts to the public, environment, and wildlife from oil and gas development.

Staff recommends that the Commission order Noble to submit Form 2A (Oil and Gas Location Assessments) for each selected location as provided in Rule 303.b. and Form 2 (Applications for Permit to Drill) for each well to be drilled. The CDP does not contain information substantively equivalent to the information that would be required on individual Form 2As for the proposed locations. Further, administrative needs of the COGCC require that the operator complete the Form 2A to populate publicly available database information and provide a complete "location file" as an information repository.

The Commission should further order Staff to work with Noble through the processes outlined in COGCC Rules to develop site-specific Best Management Practices and Conditions of Approval to clarify how Rules will be implemented and how impacts will be minimized and mitigated and to provide details of how general compliance will be achieved. Site-specific issues to be addressed may include: specific wildlife and wildlife habitat concerns; nuisance concerns such as noise, lights, odors, and dust; sensitive environments and floodplains; access road and traffic issues; and site-specific 502.b. variance requests.

Director's Finding of Suitability

The Director finds that Noble's CDP, which provides thoughtful landscape-level planning for oil

and gas activity as contemplated by Rule 216, is suitable for consideration and acceptance by the Commission. In making this finding the Director consulted with the CDPHE and CPW and considered public comment. The Director's determination that the Final CDP is "suitable" for Commission consideration occurred only after a thorough review of the CDP for compliance with Commission Rules, including Rule 303.b., as applicable; after consultation with the CDPHE and CPW; and consideration of what information is necessary to the CDP and what information would be provided in the Form 2s, Form 2As, and drilling and spacing unit applications. In considering whether a CDP is suitable, Rule 216 calls on the Director to take into consideration whether the operator has satisfied the information requirements set forth in Rule 216.c., and whether the CDP meets the purpose of Rule 216.a. As set forth above in Staff's analysis, the Director finds that Noble has satisfied the information requirements set forth in Rule 216.c. Further, the Director finds that Noble has satisfied the purpose of the CDP Rule.

As defined by Rule 216.a., the purpose of a CDP is to "facilitate discussions about potential impacts, and identify measures to minimize adverse impacts to public health, safety, welfare, and the environment, including wildlife resources, from such activities." The Final CDP accomplishes the purpose of Rule 216.a. Had Noble elected to file individual Form 2As for the 176 Oil and Gas Locations and individual Form 2s for the 772 wells instead of proposing a CDP, the CDP Area would not have had the benefit of landscape-level planning. Through landscape-level planning, Staff and Noble worked to first avoid impacts and then minimize adverse impacts from development to persons, the environment, and wildlife. These benefits would not have been immediately, or potentially ever, attainable had Noble pursued traditional individual-well-pad development. Moreover, during the permitting phase, Noble will be required to mitigate impacts consistent with Commission Rules.

A critical component of the CDP is Noble's commitment to using pipelines and not tank batteries. A tankless system avoids some potential spills and releases; cuts down significantly on air emissions; reduces truck traffic; minimizes impacts to neighboring residences; and reduces public safety concerns related to tank batteries. By approaching development of the CDP Area through a Rule 216 CDP, Noble has afforded Staff and stakeholders the opportunity to consider and recommend best practices for a more holistic approach to developing these lands. This would not have been available had Noble elected to pursue a traditional individual well pad development.

Finally, Noble seeks a variance from several Commission Rules. Noble seeks a variance to Rule 216.g.'s provision that CDPs are valid for a period of six years. Noble requests that its CDP be valid for six years, or for so long as oil and gas operations are occurring on the Application Lands. Similarly, Noble seeks a variance from Rule 303.g.'s permit expiration periods, asking that such time period be extended to correspond to the initial 6-year effective period of the CDP. Finally, Noble requests a variance from Rule 303.a.(5)D's requirement that a well location plat be attached to every Form 2. Noble requests that a single multi-well location plat be provided for each drilling and spacing unit within the CDP Area. Staff requests that these variance requests be addressed before the Commission and included as part of the final order.

For the above reasons the Director finds the Final CDP suitable for Commission consideration in accordance with Rule 216 and recommends that the Commission accept the Final CDP. If the Commission accepts the Final CDP, the Director requests that the Commission include Staff's recommendations in the order. A draft order of the Commission will be provided as part of the prehearing process.

Dated August 20, 2018

/s/ Julie Murphy

Julie Murphy

Director

Oil and Gas Conservation Commission of the State
of Colorado