

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

IN THE MATTER OF CHANGES TO THE) CAUSE NO. 1
RULES AND REGULATIONS OF THE OIL)
AND GAS CONSERVATION COMMISSION) ORDER NO. 1R-92
OF THE STATE OF COLORADO)

REPORT OF THE COMMISSION

Pursuant to a hearing before the Oil and Gas Conservation Commission on December 2, 2002 in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, the Oil and Gas Conservation Commission promulgated amendments to its Rules and Regulations to amend Rules in the 100, 300, 500, 600, 700, 800, 1000 and 1100 Series. Said Rules should henceforth read as attached Exhibit A.

Attached, as Exhibit B, is a statement giving the basis and purpose of the revisions and additions, and such statements are incorporated herein by reference.

DONE AND PERFORMED by the Oil and Gas Conservation Commission of the State of Colorado this 2nd day of December, 2002

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Patricia C. Beaver
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
December 2, 2002

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Exhibit A

DEFINITIONS
(100 Series)

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ELECTIONS/LICENSING
SECRETARY OF STATE

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GAS FACILITY shall mean those facilities that process or compress natural gas after production-related activities which are conducted at or near the wellhead and prior to a point where the gas is transferred to a carrier for transport.

**DRILLING, DEVELOPMENT, PRODUCING AND
ABANDONMENT**

303. COGCC Form 2. APPLICATION FOR PERMIT-TO-DRILL, DEEPEN, RE-ENTER, OR RECOMPLETE, AND OPERATE

g Incomplete applications. Applications for permit to drill which are submitted without the necessary attachments, the proper signature or the required information shall be considered incomplete and shall not be approved. The COGCC staff shall notify the applicant in not more than thirty (30) days of permit application receipt of such inadequacies. The applicant shall then have thirty (30) days from the date which they were contacted to correct and/or provide requested information for that well, otherwise the permit application shall be considered withdrawn and the fee shall not be refunded.

304. FINANCIAL ASSURANCE REQUIREMENTS

Prior to drilling or assuming the operations for a well an operator shall provide financial assurance in accordance with the 700 Series rules. When an operator's existing wells are not in compliance with the 700 Series, the Director may withhold action on an Application for Permit-to-Drill, Form 2, until such time as a hearing on the permit application is held by the Commission. Such hearing shall be held at the next regularly scheduled Commission hearing at which time the matter can be legally heard.

325. UNDERGROUND DISPOSAL OF WATER

m Evaluation of written requests for public hearing. Written requests for public hearing before the Commission by a person, notified in accordance with subparagraphs I. and J. of this rule, who may be directly and adversely affected or aggrieved by the authorization of the underground disposal into the proposed injection zone, shall be reviewed and evaluated by the Director in consultation with the applicant. Written protests shall specifically provide information on:

(1) Possible conflicts between the injection zone's proposed disposal use and present or future use as a source of drinking water or present or future use as a source of hydrocarbons, or

333. SEISMIC OPERATIONS

d. COGCC Form 20A, Completion Report for Seismic Operations. A Form 20A shall be submitted to the Director within sixty (60) days after completion of the project. The report shall include: maps (with a scale not less than 1:48,000) showing the location of all receiver lines, energy source lines and any shotholes. Shotholes encountering artesian flow shall be indicated on the map.

If the program included any shotholes, then the completion report shall be accompanied by the following:

(1) a certification by the party responsible for plugging the holes that all shotholes are plugged as prescribed by these rules and approved by the Director, and

(2) the latitude and longitude of each shothole location. Latitude and longitude values shall be referenced to the NAD 1927 and reported in decimal degrees to an accuracy of at least five (5) decimal places (e.g.; latitude 37.12345 N, longitude 104.45632 W), or reported in other form as approved by the Director. If GPS technology is utilized to determine the latitude and longitude, all GPS data shall meet the requirements set forth in Rule 303.c.(4)a. through d.

RULES OF PRACTICE AND PROCEDURE

507. NOTICE FOR HEARING

b. Notice for specific applications

(4) **Applications changing certain well location setbacks.** For purposes of applications that change the permitted minimum setbacks for established drilling and spacing units, notice of the application shall be served on those owners of contiguous or cornering tracts who may be affected by such change

(5) **Applications for well location exception.** For purposes of applications made for exceptions to Rule 318., exceptions to legal locations within drilling and spacing units, or for an exception location to an existing order, notice of the application shall be served on the owners of any contiguous or cornering tract toward which the well location is proposed to be moved, provided that when the applicant owns any interest covering such tract, the person who owns the mineral estate underlying the tract covered by such lease shall also be notified. If there is more than one owner within a single drilling unit and the owners have designated a party as the operator on their behalf, notice shall be presumed sufficient if served upon the designated operator of the affected formation.

(6) **Orders related to violations.** With respect to the resolution of a Notice of Alleged Violation (NOAV) through an Administrative Order by Consent (AOC), and to applications for an Order Finding Violation (OFV), notice shall be provided to the complainant and by publication in accordance with §34-60-108(4), C.R.S.

508. LOCAL PUBLIC FORUMS, HEARINGS ON APPLICATIONS FOR INCREASED WELL DENSITY AND PUBLIC ISSUES HEARINGS.

a. **Applicability of rule.** Applications that would result in more than one (1) well site or multi-well site per forty (40) acre nominal governmental quarter-quarter section or that request approval for additional wells that would result in more than one (1) well site or multi-well site per forty (40) acre nominal governmental quarter-quarter section, within existing drilling units, not previously authorized by Commission order (together an "application for increased well density") shall be subject to the provisions of this Rule 508.

522. PROCEDURE TO BE FOLLOWED REGARDING ALLEGED VIOLATIONS

a. Notice of Alleged Violation.

(4) If the Director, after investigating a complaint made in accordance with this Rule 522 a(1), decides not to issue a NOAV, the complainant may file an application to the Commission pursuant to Rule 503.b.(4), requesting the Commission enter an Order Finding Violation (OFV) in accordance with this rule.

603. DRILLING AND WELL SERVICING OPERATIONS AND HIGH DENSITY AREA RULES

i. **Statewide well control equipment and other safety requirements.** Well control equipment and other safety requirements are:

(5) Blowout prevention equipment shall contain pipe rams that enable closure on the pipe being used. The choke line(s) and kill line(s) shall be anchored, tied or otherwise secured to prevent whipping resulting from pressure surges.

FINANCIAL ASSURANCE AND ENVIRONMENTAL RESPONSE FUND

701. SCOPE

The rules in this series pertain to the provision of financial assurance by operators to ensure the performance of certain obligations imposed by the Oil and Gas Conservation Act (the Act), §34-80-106 (3.5), (11), (12) and (17) C.R.S., as well as the use of the Environmental Response Fund (ERF), §34-60-124 C.R.S., as a mechanism to plug and abandon orphan wells, perform orphaned site reclamation, and remediation, and to conduct other authorized environmental activities.

AESTHETIC AND NOISE CONTROL REGULATIONS

802. NOISE ABATEMENT

a. Oil and gas operations, including gas facility operations, shall comply with the following maximum permissible noise levels for the predominant land use existing in the zone in which the operation occurs. Any operation involving pipeline or gas facility installation or maintenance, the use of a drilling rig, completion rig, workover rig, or stimulation is subject to the maximum permissible noise levels for industrial zones. In the hours between 7:00 a.m. and the next 7:00 p.m. the noise levels permitted below may be increased ten (10) db(A) for a period not to exceed fifteen (15) minutes in any one (1) hour period.

| | ZONE | 7:00 am to next 7:00 pm | 7:00 pm to next 7:00 |
|-----------|------------------|--------------------------------|-----------------------------|
| am | Residential | 55 db(A) | 50 db(A) |
| | Commercial | 60 db(A) | 55 db(A) |
| | Light industrial | 70 db(A) | 65 db(A) |
| | Industrial | 80 db(A) | 75 db(A) |

RECLAMATION REGULATIONS

1004. FINAL RECLAMATION OF WELL SITES AND ASSOCIATED PRODUCTION FACILITIES

a. **Well sites and associated production facilities.** Upon the plugging and abandonment of a well, all pits, mouse and rat holes and cellars shall be backfilled. All debris, abandoned gathering line risers and flowline risers, and surface equipment shall be removed within three (3) months of plugging a well. All access roads to plugged and abandoned wells and associated production facilities shall be closed, graded and recontoured. Culverts and any other obstructions that were part of the access road(s) shall be removed. Well locations, access roads and associated facilities shall be reclaimed. As applicable, compaction alleviation, restoration, and revegetation of well sites, associated production facilities, and access roads shall be performed to the same standards as established for interim reclamation under Rule 1003. Material may be burned or buried on the premises only with the prior written consent of the surface owner, and with prior written notice to the surface tenant. Such burning or burial shall be subject to applicable state and local law. All such reclamation work shall be completed within three (3) months on crop land and twelve (12) months on non crop land after plugging a well or final closure of associated production facilities. The Director may grant an extension where unusual circumstances are encountered, but every reasonable effort shall be made to complete reclamation before the next local growing season.

FLOWLINE REGULATIONS

1103. ABANDONMENT

Each flowline abandoned in place must be disconnected from all sources and supplies of natural gas and petroleum, purged of liquid hydrocarbons, depleted to atmospheric pressure, and cut off three (3) feet below ground surface, or the depth of the flowline, whichever is less and sealed at the ends. This requirement shall also apply to compressor or gas plant feeder pipelines upon decommissioning or closure of a portion or all of a compressor station or gas plant.

Exhibit B
STATEMENT OF BASIS AND PURPOSE
CAUSE NO. 1, ORDER NO. 1R-92

01121495

100 Series

The 100 Series of the Rules and Regulations of the Oil and Gas Conservation Commission provide the definitions used throughout COGCC regulations.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-105 (1), C.R.S., gives the Commission authority to enforce the provisions of this article, the power to make and enforce rules, regulations and orders to carry out the provisions of this article.

Add a new definition for Gas Facility.

300 Series

The 300 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to Drilling, Development, Producing and Abandonment for oil, gas and disposal operations.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-106 (1)(f), C.R.S., provides that "no operations for the drilling of a well for oil and gas shall be commenced without first obtaining a permit from the commission, under such rules and regulations as may be prescribed by the commission"

§34-60-106 (2)(a), C.R.S., provides that the commission has the authority to regulate "[t]he drilling, producing and plugging of wells and all other operations for the production of oil or gas; . . ."

§34-60-106(1)(b), C.R.S., gives the commission the authority to require the making and filing of well logs, directional surveys, and reports on well location, drilling and production.

§34-60-103 (6.5), C.R.S., defines oil and gas operations to include the "conduct of seismic operations"

§34-60-106 (1)(c), C.R.S., grants to the commission the authority to require the "plugging of seismic holes . . . in such manner as to prevent the escape of oil or gas from one stratum into another, the intrusion of water into oil or gas stratum, the pollution of fresh water supplies by oil, gas, salt water, or brackish water;"

§34-60-106 (2)(d), C.R.S., gives the commission authority to regulate "[o]il and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil or biological resource to the extent necessary to protect public health, safety, and welfare, in consideration of cost-effectiveness and technical feasibility."

§34-60-106 (11), C.R.S., mandates the commission to “promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations.”

Revise Rule 303.g. to add language to clarify that the document described within the rule is the COGCC Form 2, Application for Permit-to-Drill, Deepen, Re-Enter, or Recomplete, and Operate.

Revise Rule 304.g. to add language to clarify that the document described within the rule is the COGCC Form 2, Application for Permit-to-Drill, Deepen, Re-Enter, or Recomplete, and Operate.

Revise Rule 325.(1) to correct “injections” to “injection”.

Revise Rule 333.d.(2) to require shothole locations to be reported as latitude and longitude values.

500 Series

The 500 Series Rules and Regulations of the Oil and Gas Conservation Commission describe the Rules of Practice and Procedure before the Commission.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-105 (1), C.R.S., provides that the commission has the “power to make and enforce rules, regulations, and orders pursuant to this article . . . and to do whatever may reasonably be necessary to carry out the provisions of this article.”

§34-60-108 (1), C.R.S., mandates that “the commission shall prescribe rules and regulations governing the practice and procedure before it.”

§34-60-116 (1), C.R.S., grants to the commission the authority to “establish drilling units of specified and approximately uniform size and shape covering any pool.”

§34-60-116 (4), C.R.S., grants the commission the authority upon application, notice and hearing to “decrease or increase the size of the drilling units or permit additional wells to be drilled within the established units in order to prevent or assist in preventing waste or to avoid the drilling of unnecessary wells, or to protect correlative rights,”

Add new Rule 507.b.(4) to require notice of applications changing certain well location setbacks to be served on owners toward whom the well is proposed to be moved.

Renumber Rule 507.b.(4) and (5) to (5) and (6).

Revise Rule 508. to change the applicability of the rule for increasing well density within established drilling and spacing units.

Revise Rule 522.a. to correct the rule reference from 503.c.(4) to 503.b.(4).

600 Series

The 600 Series Rules and Regulations of the Oil and Gas Conservation Commission pertain to safety regulations.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-106 (10) C.R.S., as amended, gives the Commission authority to promulgate rules and regulations to protect the health, safety and welfare of any person at an oil or gas well.

§34-60-106 (11), C.R.S., mandates that the commission "promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations."

Revise Rule 603.i. to include a previously omitted word.

700 Series

The 700 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to financial assurance and environmental response fund.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-106.(13), C.R.S., as amended, gives the commission authority to require an operator to provide assurance that it is capable of fulfilling any obligation imposed under subsections (11), (12), and (17) of this section.

Revise Rule 701. to include §34-60-108(17), C.R.S. as one of the provisions covered under the rule.

800 Series

The 800 Series of the Rules and Regulations of the Oil and Gas Conservation Commission pertain to aesthetic and noise control regulations.

The Statutory Authority for the promulgation of these rules is found in:

34-60-105 (1), C.R.S., gives the Commission authority to enforce the provisions of this article, the power to make and enforce rules, regulations and orders to carry out the provisions of this article.

§34-60-106 (11), C.R.S., mandates the commission to "promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations."

Revise Rule 802.a. to include gas facilities under the provisions of the rule.

1000 Series

The 1000 Series Rules and Regulations of the Oil and Gas Conservation Commission pertain to reclamation requirements.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-105 (1), C.R.S., gives the Commission authority to enforce the provisions of this article, the power to make and enforce rules, regulations and orders to carry out the provisions of this article.

§34-60-106 (11), C.R.S., mandates the commission to "promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations."

§34-60-106 (12), C.R.S., mandates the commission to "promulgate rules to ensure proper reclamation of the land and soil affected by oil and gas operations and to ensure the protection of the topsoil of said land during such operations."

Revise Rule 1004.a. to include associated production facilities under the rule.

1100 Series

The 1100 Series Rules and Regulations of the Oil and Gas Conservation Commission pertain to the installation, reclamation, operations, maintenance and repair, and abandonment of flowlines.

The Statutory Authority for the promulgation of these rules is found in:

§34-60-103 (6.5), C.R.S., defines oil and gas operations to include the "installation of flowlines and gathering systems"

§34-60-106 (11), C.R.S., mandates the commission to "promulgate rules and regulations to protect the health, safety and welfare of the general public in the conduct of oil and gas operations."

§34-60-106 (12), C.R.S., mandates the commission to "promulgate rules to ensure proper reclamation of the land and soil affected by oil and gas operations and to ensure the protection of the topsoil of said land during such operations"

Revise Rule 1103. to include compressor or gas plant feeder pipelines under abandonment.