



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

IN THE MATTER OF CHANGES TO THE) CAUSE NO. 1R
RULES AND REGULATIONS OF THE OIL)
AND GAS CONSERVATION COMMISSION) ORDER NO. 1R-69
OF THE STATE OF COLORADO)

REPORT OF THE COMMISSION

Pursuant to a hearing before the Oil and Gas Conservation Commission on October 16, November 20, December 18, 1995, January 16, February 20, and March 19, 1996 hearing, in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, after giving Notice of Hearing, as required by law, the Oil and Gas Conservation Commission revised its Rules and Regulations to revise and amend certain Rules in the 100 Series, 200 Series, 300 Series, 500 Series, 800 Series, 900 Series, 1000 Series, and adopted the new 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 29th day of March, 1996.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO



Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
March 27, 1996

SB94-177 STATEWIDE RECLAMATION RULES
03/22/96 FINAL

DEFINITIONS
(100 Series)

PRODUCTION FACILITIES shall mean all storage, separation, treating, dehydration, artificial lift, power supply, compression, pumping, metering, monitoring, flowline, and other equipment directly associated with oil wells, gas wells, or injection wells.

CROP LAND shall mean lands which are cultivated, mechanically or manually harvested, or irrigated for vegetative agricultural production.

NON-CROP LAND shall mean all lands which are not defined as crop land, including range land.

WELL SITE shall mean the areas which are directly disturbed during the drilling and subsequent operation of, or affected by production facilities directly associated with, any oil well, gas well, or injection well.

FLOWLINES shall mean those segments of pipe from the wellhead downstream through the production facilities ending at:

In the case of gas lines, the gas metering equipment; or in the case of oil lines the oil loading point or lact unit; or in the case of water lines, the water loading point, the point of discharge to a pit, or the injection wellhead.

GENERAL RULES

210. b. **Permanent Designations.** Within sixty (60) days after completion of the well, permanent signs no less than three (3) and no more than six (6) square feet in size, shall be posted at the boundary(s) of the producing site where access exists, setting forth (i) the operator's name, name of lease and number of the well; (ii) legal description of the well location and location with reference to the public road used for access; (iii) a current phone number, including area code, where the operator may be reached at all times; and (iv) fire and emergency medical numbers or 911 where available. Tank batteries, if not located in close proximity within the producing site, shall be signed in a similar manner. The operator shall take all reasonably necessary means and precautions to preserve and maintain these markings. All such signage shall be appropriately updated within sixty (60) days after an approved change of operator.

DRILLING, DEVELOPMENT PRODUCING AND ABANDONMENT

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

- c. (6) A scale expressed as an equivalent (e.g. - 1" = 1000').

(16) All visible improvements within two hundred (200) feet of a wellhead [or, in a high density area within four hundred (400) feet of a wellhead] must be physically tied in and plotted on the well location plat or on an addendum, with a horizontal distance and approximate bearing from the well location. Visible improvements shall include, but not be limited to, all buildings, publicly maintained roads and trails, major above-ground utility lines, railroads, pipelines, mines, oil wells, gas wells, injection wells, water wells, visible plugged wells, sewers with manholes, standing bodies of water, and natural channels including permanent canals and ditches through which water flows. If there are no visible improvements within two hundred (200) feet of a wellhead [or in a high density area within four hundred (400) feet of a wellhead], it shall be so noted on the Form 2.

- d. **Form 2/2A application and copies to local governmental designees.** In addition to the above, an applicant filing a Form 2 shall also attach a completed Form 2A except that the Form 2A shall not be required on federal or tribal owned surface lands. Form 2 shall be filed with the Director in triplicate for wells on all patented, state and federal surface lands. A single, informational (not

official notice) copy of the Form 2 and Form 2A and all attachments shall be delivered by the Applicant to the appropriate local governmental designee(s) of the county or municipal corporation within whose jurisdiction the activity is occurring or is proposed to occur at or before the time of filing with the Director. It shall be the responsibility of the Director to provide the local designee(s) with formal notification of the filing of the Form 2 and Form 2A. Such notice is to be sent by facsimile if requested, and if not, then by first class U.S. Mail. Any comments from the local governmental designee concerning the Form 2 and Form 2A as filed shall be provided to the Director and to the Applicant in writing within seven (7) days after the date on which the Form 2 and Form 2A were sent to the local governmental designee(s) by the Director. The Director shall take no action with respect to the Form 2 prior to the expiration of the seven (7) day period, except under the circumstances provided for in Rule 303.i.(1) and (2).

e. **Well sites and access roads in wetlands.** In the event that an operator acquires an Army Corps of Engineers permit pursuant to 33 U.S.C.A. §1342 and 1344 of the Water Pollution and Control Act (Section 404 of the federal "Clean Water Act") for construction of a wellsite, access road, or production facility, the operator shall so indicate on the Form 2A.

f. **Revisions to Form 2/2A.** In the event that the operator needs to revise any Form 2 or Form 2A once filed, it may do so by filing a new Form 2 or Form 2A in accordance with these rules except that when such revisions are not substantive, a Form 4 Sundry Notice may be filed incorporating such revisions and no additional fee shall be imposed.

g. **Permit expiration.** If operations are not commenced on the permitted well within one (1) year after date of approval, the permit shall become null and void.

h. **Permits in areas pending commission hearing.** The Director may withhold the issuance of a permit and the granting of approval of any Form 2 for any well or proposed well that is located in an area for which an application has been filed, or which the Commission has sought, by its own motion, to establish drilling units or to designate any tract of land as a high density area, in which case the hearing thereon shall be held at the next meeting of the Commission, at which time the matter can be legally heard.

i. **Special circumstances for permit issuance without notice or consultation.** The Director may issue a permit at any time in the event that an operator files a sworn statement and demonstrates therein to the Director's satisfaction that:

(1) the operator had the right or obligation under the terms of an existing contract to drill a well; and the owner or operator has a leasehold estate or a right to acquire a leasehold estate under said contract which will be terminated unless the operator is permitted to immediately commence the drilling of said well; or

(2) due to exigent circumstances (including a recent change in geological interpretation), significant economic hardship to a drilling contractor will result or significant economic hardship to an operator in the form of drilling standby charges will result.

In the event the Director issues a permit under this rule, the operator shall not be required to meet obligations to surface owners and local governmental designees under Rules 303.d., 305.b.(1) & (3), and 306.a. The Director shall report permits granted in such manner to the Commission at regularly scheduled monthly hearings.

j. **Approved Form 2 copies to local governmental designees.** The Director shall transmit to the appropriate local governmental designee written notice of his action with respect to the Form 2; such notice is to be sent by facsimile if requested, and if not, then by first class U.S. mail.

k. **Provisions for avoiding mine sites.** Any person holding, or who has applied for, a permit issued or to be issued under Section 34-33-101 to 137, C.R.S., may at their election, notify the Commission of such permit or application. Such notice shall include the name, mailing address and facsimile number of such person and designate by legal description the life-of-mine area permitted, or applied for, with the Division of Minerals and Geology. As soon as practicable after receiving such notice and designation, the Commission shall inform the party designated therein each time

that a Form 2 is filed with the Commission which pertains to a well or wells located or to be located within said life-of-mine area as designated. The provisions of Rule 303.i. (1) and (2) will not be applicable to this rule.

304. OGCC Form 3. BONDING REQUIREMENTS

a. Except where a bond in satisfactory form has been filed by the owner in accordance with federal or tribal lease requirements, and evidence has been furnished to the Director that such bond has been filed with and approved by the appropriate agency, the Commission, prior to commencement of operations, shall require from the owner a good and sufficient bond, or other security approved by the Director, in the sum of not less than \$5,000, payable to the State of Colorado, conditioned that upon abandonment the well shall be plugged and reclamation performed in accordance with the rules and regulations of the Commission, with all pits closed in accordance with the 900 and 1000 series rules and all surface debris removed. Said bond shall remain in force and effect until a new bond is filed by a successor in interest, or the bond is released by the Director. The successor operator of the well shall replace the previous operator's security within thirty (30) days after taking over operations. In lieu of such bond, it is provided, that any owner may file with the Director a good and sufficient blanket bond in the principal sum of not less than \$30,000, covering all wells drilled or to be drilled in the State of Colorado by the principal in said bond or by being a participant in another type of blanket security, and upon acceptance and approval by the Director of such blanket bond or other blanket security, said bond or security shall be considered as compliance with the foregoing provisions requiring an individual well bond and,

305. NOTICES OF OIL AND GAS OPERATIONS

a. The provisions of this Rule 305 shall not be applicable on federal or tribal owned surface lands.

b. **Notices.**

(1) **Notice of drilling.** Before an operator shall commence operations for the drilling of any well, such operator shall evidence its intention to conduct such operations by giving the surface owner and local governmental designee written notice thereof as provided in subparagraph (c) below. Such notice of drilling shall be mailed or hand delivered to the surface owner not less than thirty (30) days on crop land, or fifteen (15) days on non-crop land, prior to the date of estimated commencement of operations with heavy equipment as set forth in the notice and shall be mailed to the local governmental designee not less than thirty (30) days on crop land, or fifteen (15) days on non-crop land, prior to the date of estimated commencement of operations with heavy equipment as set forth in the notice. Operators shall retain a record of such notice of drilling for a minimum of one (1) year. Such written notice also shall be posted on or near the proposed drillsite at least thirty (30) days on crop land, or fifteen (15) days on non-crop land, prior to commencement of operations with heavy equipment. If notices are waived by the surface owner under this rule, the local governmental designee notice under this rule shall be received no later than the business day preceding commencement of operations with heavy equipment.

(2) **Notice of subsequent well operations.** Before an operator shall commence subsequent well operations, such operator shall evidence its intention to conduct such operations by giving the surface owner written notice thereof in accordance with paragraph (c) below. "Subsequent well operations" shall mean those operations that will materially impact surface areas beyond the existing access road or well site for any well, including operations such as fracturing or recompletion of the well but shall not include routine service and maintenance operations including but not limited to the changing of pumps. The notice of subsequent operations shall be mailed or hand delivered not less than seven (7) days prior to the date of estimated commencement of operations with heavy equipment as set forth in the notice.

(3) **Notice during irrigation season.** If a well is to be drilled on irrigated crop lands between March 1 and October 31, the operator, in addition to meeting the consultation requirements of Rule 306, shall contact the surface owner, or at the request of the surface

owner, the tenant at least fourteen (14) days prior to the commencement of surface activities by the operator and arrange to coordinate drilling operations to avoid unreasonable interference with irrigation plans and activities.

(4) **Final reclamation notice.** The following notice requirements shall apply only to final reclamation operations commenced more than thirty (30) days after the completion of a well.

(A) Not less than thirty (30) days before any final reclamation operations are to take place pursuant to Rule 1004., the operator shall notify the surface owner in accordance with paragraph (c) below. Final reclamation operations shall mean those reclamation operations to be undertaken when a well is to be plugged and abandoned or when production facilities are to be permanently removed.

(B) Not less than seven (7) days before any final reclamation operations are to take place, the operator shall notify the Director.

c. **Notice requirements.** As to notices to be given pursuant to this Rule 305., included with each such notice shall be the following:

(1) The estimated date that the operations for which notice is being given are to commence.

(2) The name of the operator and the name, address and phone number of the individual representing the operator who can be contacted concerning the proposed operations.

(3) The legal description (or plat) indicating the quarter quarter section upon which the operations will be conducted.

(4) A statement that the surface owner has responsibility for notifying any affected tenant of the proposed operations.

(5) With respect to the notices of drilling, the notice mailed or hand delivered to the surface owner shall also include a return addressed, postage prepaid postcard upon which surface owners may request their preference with respect to the consultation requirement under Rule 306., including the preference to appoint a tenant for consultation. If the surface owner appoints a tenant for consultation, that person's name, address, and telephone number must be provided to the operator by the surface owner on the postcard.

d. **Identifying surface owner.** In determining the identity and address of a surface owner for the purpose of giving all notices under this Rule 305., the records of the assessor for the county in which the lands are situated may be relied upon.

e. **Tenants.** With respect to notices given under this Rule 305., it shall be the responsibility of the notified surface owner to give notice of the proposed operation to the tenant farmer, lessee or other party that may own or have an interest in any crops or surface improvements that could be affected by such proposed operation.

f. **Waiver.** Any and all of the surface owner notice requirements set forth in this Rule 305. may be waived by the affected surface owner at any time.

306. CONSULTATION. In locating roads, production facilities and well sites, and in preparation for reclamation and final abandonment, the operator shall use its best efforts to consult in good faith with the affected surface owner, or the surface owner's appointed tenant as provided for in Rule 305. Consultation with local governmental designees is addressed in Rule 306.a. (3) below. The following shall apply to each such consultation:

a. **Drilling consultation.** The good faith effort to consult shall occur at a time mutually agreed to by the parties prior to the commencement of operations with heavy equipment upon the lands of the surface owner.

(1) **Information provided by operator.** When consulting with the surface owner or appointed tenant, the operator shall furnish a description or diagram of the proposed drilling location; dimensions of the drill site; and, if known, the location of associated production or injection facilities, pipelines, roads and any other areas to be used for oil and gas operations (if not previously furnished to such surface owner or if different from what was previously furnished).

(2) **Good faith consultation.** Such good faith consultation shall allow the surface owner or appointed tenant the opportunity to provide comments to the operator regarding preferences for the timing of oil and gas operations and preferred locations for wells and associated facilities.

(3) **Local government consultation.** Local governments which have appointed a local governmental designee and have indicated to the Director a desire for onsite consultation shall be given an opportunity to engage in such consultation concerning the location of roads, production facilities and well sites prior to the commencing of operations with heavy equipment.

b. **Final reclamation consultation.** In preparing for final reclamation and plugging and abandonment, the operator shall use its best efforts to consult in good faith with the affected surface owner (or the tenant when the surface owner has requested that such consultation be made with the tenant). Such good faith consultation shall allow the surface owner (or appointed tenant) the opportunity to provide comments concerning preference for timing of such operations and all aspects of final reclamation.

c. **Tenants.** Operators shall have no obligation to consult with tenant farmers, lessees, or any other party ("tenant") that may own or have an interest in any crops or surface improvements that could be affected by the proposed operation unless the surface owner appoints such tenant for such purposes. Nothing shall prevent the surface owner from including the tenant during the consultation.

d. **Waiver.** The requirement to consult with the surface owner under this Rule 306. may be waived by the affected surface owner or the surface owner's appointed tenant at any time.

315. GENERAL DRILLING RULES

e. **Requirement to post permit at the rig.** A copy of the approved Application for Permit to Drill, Deepen, Re-enter, or Recomplete and Operate shall be posted in a conspicuous place on the drilling rig or workover rig.

RULES OF PRACTICE AND PROCEDURE

502. PROCEEDINGS NOT REQUIRING THE FILING OF A PETITION

a. **Commission's own motion.** The Commission may, on its own motion, initiate proceedings upon any questions relating to conservation of oil and gas in the State of Colorado, or to the administration of the Act, by notice of hearing or by issuance of an emergency order without notice of hearing. Such emergency order shall be effective upon issuance and shall remain effective for a period not to exceed fifteen (15) days. Notice of an emergency order shall be given as soon as possible after issuance.

b. **Variations.** Variations to any Commission rules and regulations may be granted in writing by the Director or Commission upon written request by the operator and a showing by the operator that the requested variation will not violate the basic intent of the the Oil and Gas Conservation Act. No variation to the rules and regulations applicable to the Underground Injection Control Program will be granted by the Director without concurrence of the U.S. Environmental Protection Agency,

Region VIII, Waste Water Management Division Director. The Director shall report any variances granted at the monthly Commission hearing following the date on which such variance was granted.

503. ALL OTHER PROCEEDINGS COMMENCED BY FILING PETITION

a. All proceedings other than those provided for in Rule 502. shall be commenced by filing with the Commission the original and nine (9) copies of a typewritten or printed petition which shall be labelled and referred to as an "application". Whenever possible, the application shall also be submitted on compatible electronic media. The application shall set forth in reasonable detail the relief requested and the legal and factual grounds for such relief. The original of the application shall be executed by a person with authority to do so on behalf of the applicant and the contents thereof shall be verified. Each application shall be accompanied by a docket fee of seventy dollars (\$70), except applications seeking an order finding violation or an emergency order.

503. c. (5) For purposes of seeking a variance, except for a request by the operator under Rule 502.b., only the mineral owner, surface owner or tenant of the lands which will be affected by such variance, other state agencies, any local government within whose jurisdiction the affected operation is located, or any person who may be directly and adversely affected or aggrieved if such variance is not granted, may be an applicant.

EXPLORATION & PRODUCTION (E&P) WASTE MANAGEMENT

906. h. **Interim and final pit closure requirements.** All pit(s) closed prior to July 1, 1997 shall be reclaimed in accordance with the 1000 series rules. All pits closed after July 1, 1997 shall be closed and reclaimed in accordance with the 900 and 1000 series rules and the COGCC/Environmental Guidance Document describing pit closure standards.

908. d. (1) B. **Acceptable methods of water-based bentonitic fluids disposal by land application include, but are not limited to, drying and burial in the reserve pit on non-crop land only, construction and maintenance of production facilities, land spreading, lease and farm road maintenance, or lining of stock ponds and irrigation ditches, performed in accordance with the COGCC/EGD.**

RECLAMATION REGULATIONS

1001. INTRODUCTION

a. **General.** The rules and regulations of this series establish the proper reclamation of the land and soil affected by oil and gas operations and ensure the protection of the topsoil of said land during such operations. The surface of the land shall be restored as nearly as practicable to its condition at the commencement of drilling operations.

b. **Additional requirements.** Notwithstanding the provisions of the 1000 series rules, when the Director has reasonable cause to believe that a proposed oil and gas operation could result in a significant adverse environmental impact on any air, water, soil, or biological resource, the Director shall conduct an onsite inspection and may request an emergency meeting of the Commission to address the issue.

c. **Surface owner waiver of 1000 series rules.** The Commission will not require compliance with Rules 1002., 1003., or 1004.a., b., or c. (1), (2), or (3) if the operator can demonstrate to the Director's or the Commission's satisfaction that the surface owner has waived compliance, and that compliance is not necessary to protect public health, safety and welfare. Prior to final reclamation approval as to a specific well, the operator shall either comply with the rules, whether or not waived, or obtain a variance under Rule 502.b., upon demonstrating to the Director's or the Commission's satisfaction that the surface owner has waived compliance, and that compliance is not necessary to protect public health, safety and welfare. No waiver by a surface owner shall have the effect of relieving an operator of complying with the 900 series rules.

1002. SITE PREPARATION

a. Effective June 1, 1996:

(1) **Fencing of drill sites and access roads on crop lands.** During drilling operations on crop lands, when requested by the surface owner, the operator shall delineate each drillsite and access road on crop lands constructed after such date by berms, single strand fence or other equivalent method in order to discourage unnecessary surface disturbance.

(2) **Fencing of reserve pit when livestock is present.** During drilling operations where livestock is in the immediate area and is not fenced out by existing fences, the operator, at the request of the surface owner, will install a fence around the reserve pit.

(3) **Fencing of well sites.** Subsequent to drilling operations, where livestock is in the immediate area and is not fenced out by existing fences, the operator, at the request of the surface owner, will install a fence around the wellhead, pit and production equipment to prevent livestock entry.

b. **Soil removal and segregation.** As to all excavation operations undertaken after June 1, 1996, the operator shall separate and store the various A, B, and C soil horizons separately from one another and mark or document stockpile locations to facilitate subsequent reclamation. When separating soil horizons, the operator shall segregate horizons based upon noted changes in physical characteristics such as color, texture, density or consistency. On crop land below the C horizon, the soil horizons shall also be segregated based on the above noted physical characteristics. Segregation will be performed to the extent practicable to a depth of six (6) feet or bedrock, whichever is shallower.

When the soil horizons are too rocky or too thin for the operator to practicably segregate, then the topsoil shall be segregated to the extent possible and stored. Too rocky shall mean that the soil horizon consists of greater than thirty five (35%) percent by volume rock fragments larger than ten (10) inches in diameter. Too thin shall mean soil horizons that are less than six (6) inches in thickness. The operator shall segregate remaining soils to the extent practicable to a depth of three (3) feet below the ground surface or bedrock, whichever is shallower, based upon noted changes in physical characteristics such as color, texture, density or consistency and such soils shall be stockpiled to avoid loss and mixing with other soils.

c. **Protection of soils.** All stockpiled soils shall be protected from degradation due to contamination, compaction and, to the extent practicable, from wind and water erosion during drilling and production operations.

d. **Drill pad location.** The drilling location shall be designed and constructed to provide a safe working area while reasonably minimizing the total surface area disturbed. Consistent with applicable spacing orders and well location orders and regulations, in locating drill pads, steep slopes shall be avoided when reasonably possible. The drill pad site shall be located on the most level location obtainable that will accommodate the intended use. Deep vertical cuts and steep long fill slopes shall be constructed to the least percent slope practical.

e. **Surface disturbance minimization.** In order to reasonably minimize land disturbances and facilitate future reclamation, well sites shall be constructed, production facilities shall be located and constructed, and access roads shall be located and constructed so as to reasonably minimize erosion, alteration of natural features, and removal of surface materials.

f. **Access roads.** Existing roads shall be used to the greatest extent practicable to avoid erosion and minimize the land area devoted to oil and gas operations. Where feasible and practicable, operators are encouraged to share access roads in developing a field. Where feasible and practicable, roads shall be routed to complement other land usage. To the greatest extent practicable, all vehicles used by the operator, contractors, and other parties associated with the well shall not travel outside of the original access road boundary. Repeated or flagrant instance(s) of failure to restrict lease access to lease roads which result in unreasonable land damage or crop losses shall be subject to a penalty under Rule 523.

1003. INTERIM RECLAMATION

a. **General.** Debris and waste materials other than de minimis amounts, including, but not limited to, concrete, sack bentonite and other drilling mud additives, sand, plastic, pipe and cable as well as equipment associated with the drilling, re-entry or completion operations shall be removed. All E&P waste must be handled according to the 900 series rules. All pits, cellars, rat holes, and other bore holes unnecessary for further lease operations, excluding the drilling pit, will be back-filled as soon as possible after the drilling rig is released to conform with surrounding terrain. On crop land, guy line anchors shall be removed as soon as reasonably possible after the completion rig is released. 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 may be prohibited by other applicable law.

b. **Interim reclamation of areas no longer in use.** All disturbed areas affected by drilling or subsequent operations, except areas reasonably needed for production operations, shall be reclaimed as early and as nearly as practicable to their original condition. As to crop lands, if subsidence occurs in such areas additional topsoil shall be added to the depression and the land shall be re-leveled as close to its original contour as practicable. Interim reclamation shall occur no later than three (3) months on crop land or twelve (12) months on non-crop land after such operations unless the Director extends the time period because of conditions outside the control of the operator.

c. **Compaction alleviation.** All areas compacted by drilling and subsequent oil and gas operations which are no longer needed following completion of such operations shall be cross-ripped. On crop land, such compaction alleviation operations shall be undertaken when the soil moisture at the time of ripping is below thirty-five percent (35%) of field capacity. Ripping shall be undertaken to a depth of eighteen (18) inches unless and to the extent bed rock is encountered at a shallower depth.

d. **Drilling pit closure.** As part of interim reclamation, drilling pits shall be closed in the following manner:

(1) **Drilling pit closure on crop land.** On crop land water-based bentonitic drilling fluids, except de minimis amounts, shall be removed from the drilling pit and disposed of in accordance with the 900 series rules. Drilling pit reclamation, including the disposal of drilling fluids and cuttings, shall be performed in a manner so as to not result in the formation of an impermeable barrier. After the drilling pit is sufficiently dry, the pit shall be backfilled. The backfilling of the drilling pit will be done to return the soils to their original relative positions.

(2) **Drilling pit closure on non-crop land.** All drilling fluids shall be disposed of in accordance with the 900 series rules. After the drilling pit is sufficiently dry, the pit shall be backfilled. Materials removed from the pit for drying shall be returned to the pit prior to the backfilling. No more than de minimis amounts may be incorporated into the surface materials. The backfilling of the drilling pit will be done to return the soils to their original relative positions so that the muds and associated solids will be confined to the pit and not squeezed out and incorporated in the surface materials.

(3) **Minimum cover.** On crop lands, a minimum of three (3) feet of backfill cover shall be applied over any remaining drilling pit contents. As to both crop lands and non-crop lands, during the two (2) year period following drilling pit closure, if subsidence occurs over the closed drilling pit location additional topsoil shall be added to the depression and the land shall be re-leveled as close to its original contour as practicable.

e. **Restoration and revegetation.** When a well is completed for production, all disturbed areas no longer needed will be restored and revegetated as soon as practicable.

(1) **Revegetation of crop lands.** All segregated soil horizons removed from crop lands shall be replaced to their original relative positions and contour and shall be tilled adequately to re-establish a proper seedbed. The area shall be treated if necessary and practicable to

prevent invasion of undesirable species and noxious weeds, and to control erosion. Any perennial forage crops that were present before disturbance shall be re-established.

(2) **Revegetation of non-crop lands.** All segregated soil horizons removed from non-crop lands shall be replaced to their original relative positions and contour as near as practicable to achieve erosion control and long term stability, and shall be tilled adequately in order to establish a proper seedbed. The disturbed area then shall be reseeded in the first favorable season. Reseeding with species consistent with the adjacent plant community is encouraged. In the absence of an agreement between the operator and the affected surface owner as to what seed mix should be used, the operator shall consult with a representative of the local soil conservation district to determine the proper seed mix to use in revegetating the disturbed area. In an area where an operator has drilled or plans to drill multiple wells, in the absence of an agreement between the operator and the affected surface owner, the operator may rely upon previous advice given by the local soil conservation district in determining the proper seed mixes to be used in revegetating each type of terrain upon which operations are to be conducted.

f. **Weed control.** During drilling, production, and reclamation operations, all disturbed areas shall be kept reasonably free of noxious weeds and undesirable species as practicable.

1004. FINAL RECLAMATION OF WELL SITES AND ASSOCIATED PRODUCTION FACILITIES

a. **Well sites.** 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 removed, and the location graded and recontoured. 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 location, access roads and associated facilities shall be reclaimed as soon as weather conditions will permit. As applicable, compaction alleviation, restoration, and revegetation of well sites 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 law. All such reclamation work shall be completed within six (6) months of plugging a well. 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.

b. **Production and special purpose pit closure.** The operator shall comply with the 900 series rules for the removal or treatment of E&P waste remaining in a production or special purpose pit before the pit may be closed for final reclamation. After any remaining E&P waste is removed or treated, all such pits must be back-filled to return the soils to their original relative positions. As to both crop lands and non-crop lands, if subsidence occurs over closed pit locations, additional topsoil shall be added to the depression and the land shall be re-leveled as close to its original contour as practicable.

c. **Final reclamation threshold for release of financial assurance.** Successful reclamation of the well site and access road will be considered completed when:

(1) On crop land, reclamation has been performed as per Rules 1003 and 1004, and observation by the Director over two growing seasons has indicated no significant unrestored subsidence.

(2) On non-crop land, reclamation has been performed as per Rules 1003 and 1004, and the total cover of live perennial vegetation, excluding noxious weeds, provides sufficient soils erosion control as determined by the Director through a visual appraisal. The Director shall consider the total cover of live perennial vegetation of adjacent or nearby undisturbed land, not including overstory or tree canopy cover, having similar soils, slope and aspect of the reclaimed area.

(3) Disturbances resulting from flow line installations shall be deemed adequately reclaimed when the disturbed area is reasonably capable of supporting the pre-disturbance land use.

(4) A Sundry Notice Form 4 has been submitted by the operator which describes the final reclamation procedures and any mitigation measures associated with final reclamation performed by the operator, and

(5) A final reclamation inspection has been completed by the Director, there are no outstanding compliance issues relating to Commission rules, regulations, orders, permit conditions or the act, and the Director has notified the operator that final reclamation has been approved.

FLOWLINE REGULATIONS

1101. INSTALLATION AND RECLAMATION

a. **Material**

(1) After June 1, 1996, materials for pipe and components shall be:

i. able to maintain the structural integrity of the flowline under temperature, pressure, and other conditions that may be anticipated;

ii. compatible with the material to be transported.

iii. a tracer line or location device will be placed adjacent to or in the trench of all buried nonmetallic flowlines to facilitate the location of such pipelines.

b. **Design**

Each component of a flowline shall be designed to prevent failure from corrosion and be able to withstand anticipated operating pressures and other loadings without impairment of its serviceability. The pipe shall have sufficient wall thickness or be installed with adequate protection to withstand anticipated external pressures and loads that will be imposed on the pipe after installation.

c. **Cover**

(1) All installed flowlines shall have cover sufficient to protect them from damage. On crop land, all flowlines installed after June 1, 1996, shall have a minimum cover of three (3) feet.

(2) Where an underground structure, geologic, economic or other uncontrollable condition prevents flowlines from being installed with minimum cover, or when there is an agreement between the surface owner and the operator, the line may be installed with less than minimum cover or above ground.

d. **Excavation, backfill and reclamation**

(1) When flowlines cross crop lands, unless waived by the surface owner, the operator shall segregate topsoil while trenching and trenches shall be backfilled so that the soils will be returned to their original relative positions and contour. This requirement to segregate and backfill topsoil shall not apply to trenches which are twelve (12) inches or less in width. Reasonable efforts shall be made to run flowlines parallel to crop irrigation rows on flood irrigated land.

(2) On crop lands and non-crop lands, flowline trenches will be maintained in order to correct subsidence and reasonably minimize erosion. Interim and final reclamation, including revegetation, shall be performed in accordance with the applicable 1000 series rules.

e. Pressure testing

- (1) Before operating a segment of flowline installed after June 1, 1996, it must be tested to maximum anticipated operating pressure. In conducting tests, each operator shall ensure that reasonable precautions are taken to protect its employees and the general public. The testing may be conducted using well head pressure sources and well bore fluids, including natural gas. Such pressure tests shall be repeated once each calendar year to maximum anticipated operating pressure, and operators shall maintain records of such testing for Commission inspection for at least three (3) years.
- (2) Flowline segments operating at less than fifteen (15) psig are excepted from pressure testing requirements.

1102. OPERATIONS, MAINTENANCE, AND REPAIR

a. Maintenance

- (1) Each operator shall take reasonable precautions to prevent failures, leakage and corrosion of flowlines.
- (2) Whenever an operator discovers any condition that could adversely affect the safe and proper operation of its flowline, it shall correct it within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator shall not operate the affected part of the system until it has corrected the unsafe condition.

b. Flowline repair

- (1) Each operator shall, in repairing its flowlines, ensure that the repairs are made in a safe manner and are made so as to prevent injury to persons and damage to property.
- (2) No operator shall use any pipe, valve, or fitting in repairing flowline facilities unless the components meet the installation requirements of this section.

c. Flowline marking

- (1) In designated high density areas, and where crossing public rights-of-way or utility easement, a marker shall be installed and maintained to identify the location of flowlines installed after June 1, 1996.
- (2) The following must be written legibly on a background of sharply contrasting color on each line marker:

"Warning", "Caution", or "Danger" followed by the words "gas (or name of natural gas or petroleum transported) pipeline" in letters at least one (1) inch high with one-quarter 1/4 inch stroke and the name of the operator and the telephone number where the operator can be reached at all times.

d. One call participation. As to flowlines, and any other pipeline over which the Commission has jurisdiction, installed after June 1, 1996, each operator shall participate in Colorado's one call notification system, the requirements of which are established by §9-1.5-101., C.R.S. et seq.

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 sealed at the ends.

WATTENBERG SPECIAL AREA RULES

THE ENTIRE EXISTING 1000 SERIES RULES HAVE BEEN STRUCK

State of Colorado
Oil & Gas Conservation Commission
 DEPARTMENT OF NATURAL RESOURCES

OGCC FORM 2A		Rev 3/21/98	
ET	FE	U	BE
FOR OGCC USE ONLY			

DRILL SITE/ACCESS RECLAMATION FORM

This form shall be submitted in triplicate with the application for permit to drill (COGCC Form 2) on lands where the surface ownership is not Federal or Tribal.

Complete the Application Attachment Checklist

Operator Number: _____		Phone Numbers: _____	
Name: _____		Area Code: ()	
Address: _____		No: -	
City: _____	State: _____	Zip: _____	Fax: -
Well Name & Number: _____			
Location ; QtrQtr, Sec, Twp, Rng: _____			

Drillsite and access photographs	OGCC
Well Site Diagram	OGCC

Pre-Disturbance Information

Current Land Use			
Crop Land: Irrigated <input type="checkbox"/>	Dry Land <input type="checkbox"/>	Impv. Pasture <input type="checkbox"/>	Hay meadow <input type="checkbox"/>
Non-crop land: (livestock type _____) Timber <input type="checkbox"/>		Recreational <input type="checkbox"/>	Other (describe) _____
Subdivided: Industrial <input type="checkbox"/>	Commercial <input type="checkbox"/>	Residential <input type="checkbox"/>	
Attach color photographs of drill site and access road areas.			
Soils			
Soil map units from USNRCS survey: _____			
Was an Army Corps of Engineers Section 404 Permit filed? Yes <input type="checkbox"/> No <input type="checkbox"/>			
If so attach appropriate documentation.			
Plant Community			
Complete only if operations to be conducted upon non-crop land			
Plant communities from USNRCS or field observation:			
USNRCS: _____			
Field Observation: (Circle one or more of the following. Also circle predominant plant species if known.)			
Evergreen Forest Land: Spruce Fir	Ponderosa Pine	Lodgepole Pine	Juniper Pinyon
Shrub and Brush Land: Mahogany	Oak	Sage	Serviceberry Chokecherry
Plains Decidious Riparian: Cottonwood	Willow	Aspen	Maple Poplar Russian Olive Tamarisk
Mountain Conifer Riparian: Spruce	Fir	Ponderosa Pine	
Aquatic: Bullrush	Sedges	Cattail	Arrowhead
Grassland: Bluestem	Grama	Wheatgrass	Buffalograss Fescue Oatgrass Brome
Disturbed Grassland: Cactus	Yucca	Cheatgrass	Rye Thistle
Tundra: Alpine	Willow	Currant	Raspberry
Estimated percent of plant cover: %			

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road; that I am familiar with the conditions which presently exist, that the statements made in this form are, to the best of my knowledge, true, correct, and complete.

Print Name _____

Signed _____ Title: _____ Date: _____

EXHIBIT B

STATEMENT OF BASIS AND PURPOSE - CAUSE NO.1, DOCKET NO. 10-1 SB94-177 STATEWIDE RECLAMATION RULES

This statement sets forth the basis, specific statutory authority, and purpose for the amendments to the 100, 200, 300, 500, 800, 900, and 1000 Series, and the addition of the 1100 Series of Rules and Regulations promulgated by the Colorado Oil and Gas Conservation Commission (the Commission). This statement is hereby incorporated by reference in the Rules adopted.

A. AUTHORITY

These rules, as amended, are adopted by the Colorado Oil and Gas Conservation Commission under the provision of the Title 34, Article 60 of the Colorado Revised Statutes, as amended.

§34-60-102., C.R.S. as amended, declares that it is in the public interest to foster, encourage, and promote the development, production, and utilization of the natural resources of oil and gas in the state of Colorado in a manner consistent with protection of public health, safety, and welfare.

§34-60-103.(6.5), C.R.S. defined "Oil and gas operations" to mean exploration for oil and gas, including the conduct of seismic operations and the drilling of test bores; the siting, drilling, deepening, recompletion, reworking, or abandonment of an oil and gas well, underground injection well, or gas storage well; production operations related to any such well including the installation of flowlines and gathering systems; the generation, transportation, storage, treatment, or disposal of exploration and production wastes; and any construction, site preparation, or reclamation activities associated with such operations.

§34-60-106.(2)(d), C.R.S. gives the Commission authority to regulate oil and gas operations so as to prevent and mitigate significant adverse environmental impacts on any air, water, soil, or biological resource resulting from oil and gas operations to the extent necessary to protect public health, safety, and welfare, taking into consideration cost-effectiveness and technical feasibility.

§34-60-106.(12), C.R.S. requires that the Commission, in consultation with the State Agricultural Commission and the Commissioner of Agriculture, shall 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.

§34-60-106.(14), C.R.S. requires that the Commission shall provide a means for giving reasonable advance notice of the commencement of oil and gas operations to the appropriate local government and surface owners whose lands will be affected thereby.

B. PURPOSE

These amended rules meet the requirements of the above captioned statutes, which included statutory changes resulting from the passage of Senate Bill 94-177. The Commission has promulgated these 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 after consulting with the State Agricultural Commission and the Commissioner of Agriculture.

C. AMENDED RULES

The focus of the rule changes was to address all aspects of effective reclamation of land and soil affected by oil and gas operations, including well permitting, surface owner notification and consultation, site preparation, and interim and final reclamation.

**STATEMENT OF BASIS AND PURPOSE - CAUSE NO.1, DOCKET NO. 10-1
SB94-177 STATEWIDE RECLAMATION RULES (CONT.)**

The effect of the adoption of these rules is to delete the 1000 Series "Wattenberg Special Area" rules, and replace them with comprehensive reclamation rules designed to be applied statewide.

In addition, the 1100 Series rules were added to address the installation, operation, and reclamation of flowlines.

THE 100 SERIES - DEFINITIONS:

The following definitions were amended to address the two types of lands referenced in the rules, and to clarify other terms used throughout the rules:

1. Crop Land
2. Non-Crop Land
3. Production Facilities
4. Well Site

THE 200 SERIES - GENERAL RULES

Rule 210.b. was amended to require that well signage be updated within sixty (60) days after an approved change of operator.

THE 300 SERIES - DRILLING, DEVELOPMENT, PRODUCING, AND ABANDONMENT:

Rule 303.c. was amended to make the following changes to the requirements for attachments to a Form 2, application for a permit to drill:

1. Changed the scale of a required drawing of the section where the well will be drilled.
2. Requires a completed Form 2A, Drillsite/Access Reclamation form.

Rule 303.e. was amended to require an indication by the operator on the Form 2A if an Army Corps of Engineers Section 404 wetlands permit was required.

Rule 303.f. was amended to allow non-substantive changes to form 2 and 2A to be made on a Form 4 Sundry Notice with no fee.

Rule 303.g. was amended to change the expiration time of a permit to drill from 180 days to one year.

Rule 303.i. was amended to allow the Director to issue a permit before notice periods have passed to prevent undue hardships to drilling contractors or operators.

Rule 303.k. was amended to delete the seven (7) day notice requirement to surface owners, tenants, and local governments to accommodate the insertion of surface owner and local government notice requirements in the 300 Series rules.

Rule 304.b. was amended to delete the reclamation standard for release of a surface reclamation bond to accommodate the insertion of other financial assurance release requirements in the 1000 Series rules.

Rule 305 was amended to require the following provisions for notices of oil and gas operations:

1. Minimum thirty (30) day notice on crop land and fifteen (15) day notice on non-crop land to surface owners and local governmental designees statewide.
2. Minimum seven day notice of subsequent well operations to the surface owner.
3. Additional fourteen day notice to the surface owner on irrigated crop lands during irrigation season.

**STATEMENT OF BASIS AND PURPOSE - CAUSE NO.1, DOCKET NO. 10-1
SB94-177 STATEWIDE RECLAMATION RULES (CONT.)**

4. Minimum thirty (30) day notice of final reclamation to the surface owner, and seven (7) day notice to the Director prior to final reclamation operations.
5. Requirements for information included with the notice.
6. Surface owners to be identified by county assessor records.
7. The surface owner will be responsible for contacting the tenant.
8. Any and all notice requirements may be waived by the surface owner.

Rule 306 was amended to require the following provisions for consultation between the operator and the surface owner.

1. Good faith consultations to occur prior to drilling and final reclamation operations.
2. No obligation to consult with tenant unless appointed by surface owner.
3. Consultation requirements may be waived by the surface owner.

Rule 315 was amended to delete various general drilling rules to accommodate the insertion of similar rules in the 1000 Series rules.

Rule 317 was amended to delete abandonment rules to accommodate the insertion of similar rules in the 1000 Series rules.

Rule 331 was amended by moving the variance provision therein to Rule 502.

THE 500 SERIES - RULES OF PRACTICE AND PROCEDURE:

Rule 502 was amended by re-titling it and inserting amended variance language from the old Rule 331.

Rule 503 was amended to not require a docket fee for certain applications seeking an emergency order.

Rule 503.c.(5) was amended to list those parties who may seek a variance to the Rules.

THE 800 SERIES - AESTHETIC AND NOISE CONTROL REGULATIONS:

Rule 802.(a.)(b.) and (c.) were amended to delete general aesthetic rules and accommodate the insertion of similar rules in the 1000 Series rules.

THE 900 SERIES - EXPLORATION AND PRODUCTION (E&P) WASTE MANAGEMENT:

Rule 906.h. was amended so that preliminary and final pit closure requirements referred to both the 900 and the 1000 Series rules.

Rule 908.d.(1).B. was amended to limit the drying and burial of water-based bentonitic fluids in reserve pits to non-cropland only.

THE 1000 SERIES - RECLAMATION REGULATIONS (FORMERLY WATTENBERG SPECIAL AREA RULES):

The entire 1000 Series rules were amended to delete the former "Wattenberg Special Area Rules", which are replaced by the new 1000 Series "Reclamation Regulations."

**STATEMENT OF BASIS AND PURPOSE - CAUSE NO.1, DOCKET NO. 10-1
SB94-177 STATEWIDE RECLAMATION RULES (CONT.)**

Rule 1001 was amended to allow the Director to make additional requirements for proposed oil and gas operations that could result in an adverse environmental impact, and to set forth a provision for surface owner waiver of the 1000 Series rules.

Rule 1002 was amended to provide for adequate site preparation, including fencing, soil removal, segregation, and protection, drill pad location, surface disturbance minimization and access roads.

Rule 1003 was amended to provide for adequate interim reclamation on areas no longer in use, including debris and waste material removal, compaction alleviation, drilling pit closure, revegetation, and weed control.

Rule 1004 was amended to provide for adequate final reclamation of drill sites, associated production facilities, and flowlines, including those provisions set forth in Rule 1003, production and special purpose pit closure, and final reclamation threshold for release of financial assurance.

THE 1100 SERIES - FLOWLINE REGULATIONS:

The 1100 Series rules were amended to provide rules for the installation, operations, maintenance, repair, abandonment, and reclamation of flowlines.

Rule 1101 was amended to provide for adequate installation and reclamation of flowlines, including materials, design, cover, excavation and backfill, and pressure testing.

Rule 1102 was amended to provide for adequate operations, maintenance, and repair of flowlines, including prevention of failure, repair, and line marking.

Rule 1103 was amended to provide for adequate abandonment of flowlines.

Commission Form 2A, Drill Site/Access Reclamation form was adopted so the Commission may receive pre-disturbance information about the drill site and access road.