

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

IN THE MATTER OF CHANGES TO THE)	CAUSE NO. 1R
RULES AND REGULATIONS OF THE OIL)	
AND GAS CONSERVATION COMMISSION)	DOCKET NO. 0803-RM-02
OF THE STATE OF COLORADO)	

**ADDITIONAL SUBMITTAL (ALTERNATE LANGUAGE) OF MIDSTREAM
COMPANIES IN RESPONSE TO JUNE 18, 2008 STAFF CLARIFICATIONS**

DCP Midstream, LLC and Williams Field Services Company, LLC (the “midstream companies”) hereby submit alternate language in response to the June 18, 2008 Staff clarifications to the proposed rules of the Colorado Oil and Gas Conservation Commission (the “Commission”).

1. The midstream companies’ alternate language and suggested statements of basis and purpose are set forth in the attachment to this submittal.

2. The midstream companies do not require a narrative response to the June 18, 2008 Staff clarifications, and therefore do not use any portion of the 25 pages allotted to industry interests in the Commission’s July 7, 2008 Order. The midstream companies support the industry filing.

3. On July 15, 2008 the Commission ruled that the applicability of any new Commission rules to midstream and gas storage operations would be considered in late October 2008, and that changes to Commission rules before such consideration would not affect midstream or gas storage operations. The alternative language attached is submitted in an effort to facilitate dialog and to address remaining concerns with the Staff’s Second Set of Clarifications of the draft rule prior to the October hearing.

4. This submittal is separately filed for the convenience of the Commission and the Commissioner recused from consideration of midstream issues.

Respectfully submitted on this 30th day of July, 2008.

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CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of July, 2008, the following number of true and correct copies of the foregoing ADDITIONAL SUBMITTAL (ALTERNATE LANGUAGE) OF MIDSTREAM COMPANIES IN RESPONSE TO JUNE 18, 2008 STAFF CLARIFICATIONS of Williams Field Services Company, LLC and DCP Midstream, LLC was served on the following, by the method and addressed as indicated below:

Patricia Beaver, Hearing Manager
Docket No. 0803-RM-02
Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

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Number of copies: the original and fifteen (15) copies

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One (1) electronic copy in portable document format (*pdf*) to all of the parties on the Party List at the COGCC website.

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for HOLLAND & HART LLP

**ALTERNATE LANGUAGE OF MIDSTREAM COMPANIES IN RESPONSE TO JUNE
18, 2008 STAFF CLARIFICATIONS (July 30, 2008)**

This alternative language is submitted by Williams Field Services Company, LLC and DCP Midstream, LLC for the August 2008 rulemaking. **Changes to Staff clarifications of June 18, 2008 are shown in green.**

1. Document and explain the Commission’s decision to delay decision making concerning midstream and gas storage operations.

Statement of Basis and Purpose

On July 15, 2008 the Commission delayed until October 2008 oral testimony from the midstream and gas storage industries concerning proposed regulatory changes. The Commission entered the following statement into the record:

The Commission will deliberate in August and try to reach final decisions concerning its proposed rules at that time. Any regulatory change adopted by the Commission in August will not apply to midstream operations or gas storage facilities. The Commission will hear from midstream operations and gas storage operations in October, and then the Commission will deliberate and take final action solely with regard to the application of its rules to midstream operations and gas storage operations.

- 2.a. Remove the terms “oil and gas facility” and “oil and gas location” from the proposed rules. Substitute the statutory term “oil and gas operation” in every instance. Delete “gas gathering system” and “ancillary facilities.” The term “gas gathering system” is only used in the definition of “blowdown pits” and an expansive definition is unnecessary. The term “ancillary facilities” is currently only used in the definition of “gas gathering system.”

Statement of Basis and Purpose

The Colorado Oil and Gas Conservation Act is plain concerning its coverage of midstream natural gas operations, both in the 1994 Act and its 2007 amendments (HB 07-1298 and HB 07-1341). The definition of “oil and gas operations” in C.R.S. § 34-60-103(6.5) marks the outer boundary of the Commission’s jurisdiction for regulatory purposes. That boundary lies at the installation point for midstream gathering lines at the producing well site

- 2.b. In the alternative, redefine “oil and gas facility” and “gas gathering system” to conform to the Commission’s jurisdiction over midstream operations. As noted above, the term “gas gathering system” is only used in the definition of “blowdown pits,” however, the currently undefined term “gathering system” is used in multiple locations throughout the rules. Consistent with the proposed definitional changes, the term “ancillary facilities” should be deleted.

If these definitions are not revised in accordance with the suggestions above, additional rule changes that are not identified herein may be necessary.

Suggested Language:

~~ANCILLARY FACILITIES shall mean all of the equipment, buildings, structures, and improvements associated with or required for the operation of a well site, pipeline, or compressor facility. Ancillary facilities include, but are not limited to, roads, well pads, tank batteries, combustion equipment and pits and exclude gathering lines.~~

~~GAS-GATHERING SYSTEM shall include all pipelines, gas facilities, and ancillary facilities related equipment used to transport, treat, or compress, or process natural gas that are located between a well's production facility, a transmission line or main, or and the inlet flange of a gas processing plant the custody transfer meter.~~

~~OIL AND GAS FACILITY shall mean all equipment or improvements used or installed at an oil and gas location for the exploration, production, withdrawal, gathering, treatment or processing of oil or natural gas oil and gas operations.~~

Statement of Basis and Purpose

[Same as 2.a. above]

3. Clarify that preconstruction approval is not required for gathering lines that might need a 404 permit (Proposed Rule 303.f.).

Suggested Language:

~~ef. **Oil and Gas Locations Well sites and access roads in wetlands.** In the event that an operator, otherwise required to file Form 2A and obtain approval from the Director prior to proceeding, 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 well site, access road, or production oil and gas facility location, the operator shall so indicate on the Oil and Gas Location Assessment, Form 2A.~~

Statement of Basis and Purpose:

"Gathering lines" and other regulated lines are exempted from Form 2A preconstruction approval under Proposed Rule 303.d.(1). This provision clarifies that the exemption in Proposed Rule 303.d.(1) remains even if a 404 permit is required.

4. Clarify that *existing* gathering lines are exempt from the requirements of Proposed Rule 317B by modifying Proposed Rule 317B.c.

Suggested Language:

c. Existing oil and gas operations.

(1) Existing oil and gas operations within zones specified in Table 1, excluding roads, pipelines, and gathering lines, shall be subject to the following requirements instead of the requirements of Rule 317B.b, provided that no increased surface disturbance associated with the operation occurs after November 1, 2008:

Statement of Basis and Purpose:

New gathering lines, roads and pipelines are exempt from Proposed Rule 317B requirements (under Proposed Rule 317B.a. of the Staff clarifications). This Proposed Rule clarifies that existing gathering lines, roads and pipelines also are exempt from the rule.

5. Clarify that Proposed Rule 1002.f. (stormwater) does not apply to gathering lines, compressor stations, pipeline rights of way, and gas processing plants.

Suggested Language:

f. **Stormwater management.**

(1) Best Management Practices (BMPs) to control stormwater, minimize erosion and offsite sedimentation, and site degradation due to contamination shall be implemented at all oil and gas facilities, including, but not limited to, well pads, soil stock piles, access roads, and tank batteries, ~~compressor stations, pipeline rights of way, and gas processing plants.~~

* * * *

(2) Operators of oil and gas facilities, excluding gathering lines, shall develop and maintain a stormwater program in compliance with this section no later than the time of termination of stormwater permits issued by the Colorado Department of Public Health and Environment for construction of oil and gas facilities.

Statement of Basis and Purpose:

The Commission’s jurisdiction over midstream natural gas operations ends at the installation point for midstream gathering lines at the producing well site. The Commission lacks statutory jurisdiction to regulate stormwater at compressor stations, pipeline rights of way, or gas processing plants. Stormwater management for these facilities is governed through other state and federal programs. Furthermore, imposition of operational stormwater programs on fully reclaimed buried pipeline rights of way is unnecessary.