

**Memorandum of Understanding
Between The Colorado Bureau of Land Management
And The Colorado Oil and Gas Conservation Commission**

A. Introduction

For many years there has been a spirit of cooperation, communication, and trust between the Colorado Oil and Gas Conservation Commission (COGCC) and the Colorado Bureau of Land Management (BLM) in the management of lands in the state of Colorado and the development of our nation's oil and gas resources. Each agency's mission and staffing levels have grown during these years to the point where we believe it is important to formalize our excellent working relationship, as well as define each agency's role and responsibilities in our overlapping jurisdictions.

B. Purpose

Most of our operations occur on adjacent lands or on the same lands, and it is important that both agencies provide oil and gas lessee/operators with consistent policy and procedures (including statewide oil and gas orders) on federal/Indian lands as well as nonfederal lands.

C. Objectives

This memorandum of understanding (MOU) between the Colorado BLM and the COGCC is intended to (1) avoid duplication of effort by the responsible oil and gas permitting agencies and (2) clearly define jurisdictional authority.

D. Authorities

The authorities for this agreement are the Mineral Leasing Act of 1920; the Interior Department Secretarial Order No. 3087, as amended; Title 34, Article 60, of the Colorado Revised Statutes; and 25 CFR Part 211. These agreements shall not supersede existing law, rule, or regulation of either party, nor require commitments of manpower or funds beyond legal authority or appropriation.

E. Definitions

1. COGCC actions shall mean those actions taken by the COGCC to establish pooling, spacing, and other orders (field rules) to govern operations in specific fields.
2. Colorado BLM actions shall mean actions taken by the Colorado BLM in accordance with federal regulations (i.e., Application for Permit to Drill approvals, plugging orders, etc.).
3. For purposes of this agreement, the term "Indian lands" shall mean those lands located within the exterior boundaries of the Southern Ute Indian reservation, including allotted Indian lands, in which the legal, beneficial, or restricted ownership of the underlying oil, gas, or coal bed methane or of the right to explore for and develop the oil, gas, or coal bed methane belongs to or is leased from the Southern Ute Indian Tribe or allottee. This includes allotted Indian lands. The Colorado BLM will act in the same manner for actions involving Ute Mountain Ute land as for Southern Ute land.
4. Protest shall mean any objection to a proposed determination. A protest by the Colorado BLM to the COGCC shall be furnished in writing so as to be received by the COGCC at least three working days prior to the hearing or any appearance at the hearing. On Indian lands, the Colorado BLM will notify the COGCC in writing of protest or concurrence so as to be

received by the COGCC at least three working days prior to the hearing or any appearance at the hearing. However, should the Colorado BLM fail to protest, and at a later date wish to protest, the Colorado BLM has the right to request that specific orders be reviewed.

F. Responsibilities

- The Colorado BLM and the COGCC agree as follows:

1. Designated Official

- Each party shall appoint a designated official to receive notices hereunder and to facilitate communication and coordination in implementing this agreement.

2. Coordination Meetings

- Semiannual coordination meetings will be held to discuss orders, policies, and procedures. This MOU will be reviewed and updated, if necessary, at the first coordination meeting of every year. Prior to the meeting, each agency's respective staffs will identify issues that will be discussed/resolved at the meeting. An agenda will be prepared and distributed prior to the meeting. Other agency staff and/or interested parties may be included in these meetings, as agreed upon by the agencies. Any decisions and agreements reached as a result of these discussions will be addenda to this agreement, as appropriate.

3. Procedural Format

It is agreed that all matters which would require COGCC approval (whether administrative or COGCC decision) involving nonfederal minerals shall initially be submitted to the COGCC even if federal/Indian minerals are partially involved. All matters which would require COGCC approval (whether administrative or COGCC decision) where federal/Indian minerals are entirely involved shall be initially submitted to the COGCC. Both types of matters shall be heard and decided by the COGCC, subject to the conditions set forth below.

The COGCC shall furnish the Deputy State Director, Mineral Resources, in the Colorado BLM with notices of all requests for hearings which in any manner relate to or involve federal/Indian lands. As an additional courtesy, the COGCC will send notices of all requests for hearings to the Colorado BLM District Offices. The Colorado BLM shall be entitled to present expert testimony with respect to such determinations and hearings, and shall be informed in writing of any dispositions. If the Colorado BLM should desire to protest any requested determination, it shall do so by written protest delivered to the COGCC within three working days prior to the hearing or appearance at the hearing. Any such protest shall specify the Colorado BLM objections and the conditions, if any, under which the Colorado BLM will accept the relief requested. The COGCC shall either issue its order incorporating the conditions of the protest or shall relinquish jurisdiction to the Colorado BLM over the matter insofar as it relates to federal/Indian lands. Failure to object to any determination, and failure to appear and protest (either by witness or in writing) at any hearing, shall be construed as concurrence by the Colorado BLM, with the exception of Indian lands. On Indian lands, the Colorado BLM will notify the COGCC of concurrence within three working days prior to the hearing or appearance at the hearing. Failure to concur shall cause the hearing for that issue to be postponed until the following month or until concurrence is obtained.

Consistent with the terms of this agreement, all existing decisions of the COGCC involving federal and Indian minerals will remain in effect, subject to the right of the Colorado BLM to request that any specific orders be reviewed, rescinded, or modified.

G. Special Provisions

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1. Confidentiality

- Each agency will abide by the proprietary and confidential data requirements of its own laws and regulations, in accordance with 43 Code of Federal Regulations 3162.8 and Rule 306 of the Colorado Rules and Regulations, Rules of Practice and Procedure (as amended), and Oil and Gas Conservation Act.

2. Access to Records

- Each agency will provide for public access in accordance with its own rules.

3. Information Sharing

- Each agency will provide the other with courtesy copies of all regulation changes and Instruction Memoranda that deal with common or pertinent issues.

4. Jurisdiction of the COGCC

a. Federal lands – In the event any matter is submitted to the COGCC for decision or other order, and the Colorado BLM does not object to the COGCC order as provided in Section F, the COGCC shall exercise its jurisdiction over all private parties holding interests in federal oil and gas leases jointly with any nonfederal interests, other than Indian interests.

b. Indian lands – The Southern Ute Indian Tribe does not concur with the exercise of jurisdiction by the COGCC over Indian lands. The Tribe does, however, concur with the exercise of limited authority by the COGCC, but only with the concurrence of the BLM over certain aspects of oil and gas activities on tribal lands. Specifically, the Tribe and the BLM have entered into a separate MOU which secures to the Tribe the independent right to participate and concur through the BLM in any proposed COGCC action affecting tribal lands prior to said action becoming effective. The BIA and the BLM have entered into a separate interagency agreement which sets out procedures for allotted Indian participation through BLM in any proposed COGCC action affecting allotted Indian lands prior to said action becoming effective.

Should the COGCC render a decision or order after the parties have followed the approved procedures contained in this agreement, said COGCC decision shall be deemed by the parties hereto to be a decision of the BLM. Any interested party shall have the same opportunity to appeal or challenge such decision as if said decision had been rendered exclusively by the BLM, Colorado State Director, through the State Director Review process outlined in 43 CFR 3165.3.

H. Affect on Prior Agreements

This agreement will supersede the previous agreement signed September 4, 1986, and incorporate the previous amendment signed September 22, 1989.

I. Administration

- This agreement shall become effective upon the date of execution by the last signatory party.

This agreement may be amended by mutual consent of the parties.

Termination of this agreement may be effected by either party upon 60 days written notice to the other party. Termination of this agreement may be effected at any time by mutual written consent of the

parties.

This agreement shall terminate when no longer authorized by the U.S. Department of the Interior, by federal or state law, or if determined to be unenforceable by any court having jurisdiction over the parties.

Signed by:

Dennis R Bicknell
Director Colorado Oil and Gas Conservation Commission
August 22, 1991

Bob Moore
State Director
Bureau of Land Management, Colorado State Office
August 22, 1991

**Appendix To Memorandum of Understanding
Between The Colorado Bureau of Land Management
And The Colorado Oil and Gas Conservation Commission**

A. Background

Since 1991, the Colorado Oil and Gas Conservation Commission (COGCC) and the Colorado Bureau of Land Management (BLM) have had a Memorandum of Understanding (MOU) which provides the framework for each agency's roles and responsibilities in our overlapping jurisdictions.

B. Purpose

Technological advances have allowed BLM and COGCC to secure, store, and distribute data more efficiently and effectively. The internet has increased the capability of the COGCC and BLM to make oil and gas data available to the public. The original MOU did not cover the sharing of public land oil and gas data and data administered by the COGCC. This appendix will address these issues.

C. Authorities

The authorities for this agreement are the Mineral Leasing Act of 1920; The Federal Land Policy Management Act of 1976 and Title 34, Article 60, of the Colorado Revised Statutes. These agreements shall not supersede existing law, rule, or regulation of either party, nor require commitments of manpower or funds beyond legal authority or appropriation.

D. Procedures

The BLM and COGCC agree that they may share or exchange data gathered in the process of conducting their regulatory responsibilities. This data may include, but is not limited to oil and gas leases, well logs, well files, reports, studies, analyses, production, inspection, audit, surface use, and unit and communitization agreements and oil and gas leasing stipulations. The sharing of data shall be conducted in a consensual manner that does not require unreasonable monetary or manpower expense and/or a requirement to occur in a time frame that reduces the ability of an agency to perform its routine functions. This agreement does not prescribe or limit the method that the exchange of information may occur. Additionally, the agency that created the data shall be considered the owner of the data and data distribution to third parties shall be the sole right of the data owner.

E. Confidentiality

Each agency will abide by the proprietary and confidential data requirements of its own laws and regulations, in accordance with 43 Code of Federal Regulations 3100.4 and Rule 308C of the Colorado Rules and Regulations, Rules of Practice and Procedure (as amended), and Oil and Gas Conservation Act.

F. Administration

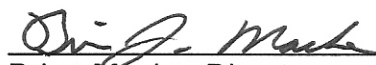
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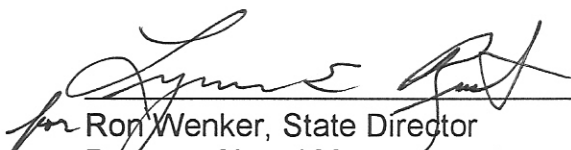
This agreement shall terminate when no longer authorized by the U.S. Department of the Interior, by federal or state law, or if determined to be unenforceable by any court having jurisdiction over the parties.

Signed by:



Brian Macke, Director
Colorado Oil and Gas Conservation Commission

3/14/05
Date



Ron Wenker, State Director
Bureau of Land Management
Colorado State Office

3/17/05
Date