

## CHRONOLOGY

### November 9, 2009

The Aztec OCD Office receives a C-144 application for the Rosa SWD Well #2 which proposes utilizing a temporary pit for drilling and on-site burial for the pit (Application #1).

### November 30, 2009

The Aztec OCD Office denies Application #1 due to shallow groundwater.

### January 28, 2010

The Aztec OCD Office receives a second C-144 application for the Rosa SWD Well #2 (Application #2). Application #2 proposes a closed-loop system for the Rosa SWD Well #2 using a temporary pit at the Rosa 394 location, with “on-site” disposal in temporary pit. The Rosa 394 is located at least one mile away from the Rosa SWD Well #2.

### March 9, 2010

The Aztec OCD Office receives a C-144 application for closed-loop system with a temporary pit for the Rosa Unit #634B and a C-144 application for closed-loop system with a temporary pit for the Rosa Unit #635C. Neither mentions the Rosa SWD Well #2.

### March 11, 2010

The Aztec OCD Office denies Application #2 because it is proposing offsite closure which is not allowed under Part 17. The Aztec OCD Office explains that offsite disposal would require Operator to obtain a Part 36 permit unless the waste is hauled to a division-approved disposal facility.

### March 16, 2010

Operator files an application for an administrative hearing with the OCD. Part 17 gives an operator whose C-144 application has been denied the right to a hearing on the denial. However, Operator’s application for an administrative hearing is not for a hearing on the OCD’s denial of Application #2 because, as Operator informs the OCD for the first time in the hearing application, the Rosa 394 has been removed from the drill list. Rather, Operator is seeking an Order approving a **new** proposal for a closed-loop system for Rosa SWD Well #2 and the in-place burial of drilling and completion waste at two other well locations **not previously identified to the OCD**—the Rosa Unit #634C or Rosa Unit #635B, or an alternative closure method and/or exception to the Part 17. This **new** proposal has never been submitted to OCD in any C-144 application.

### March 18, 2010

OCD Hearing Examiner Richard Ezeanyim informs Operator in writing that Operator’s hearing application will not be set for hearing because it involves an exception request that requires Operator to exhaust its administrative remedies.

**March 23, 2010**

The Aztec OCD Office receives a third C-144 (C-144 CLEZ) for a closed-loop system for the Rosa SWD Well #2 (Application #3) (OCD Exhibit 14). In Application #3 Operator states that it is not using a temporary pit for the Rosa SWD Well #2 and that the solid waste material will be going to Environtech, a division-approved facility.

**March 25, 2010**

Operator submits a written response to Mr. Ezeanyim's letter of March 18, 2010, explaining that it is not seeking an exception to Part 17, that Operator applied for an exception in the alternative in the event that the OCD hearing examiner determined that it was necessary to do so, that Part 17 authorizes the OCD Director to set any application for exception for hearing, and that it did not believe it had to seek review from the Environmental Bureau because the Aztec OCD Office had consulted with the Environmental Bureau when it denied Application #2. Operator attaches an amended hearing application to its written response for filing. Operator states in its application that it seeks an order approving a closed-loop system for the Rosa SWD Well #2 and the in-place burial of drilling and completion wastes at another proposed well location—either the Rosa Unit Well #634C or Rosa Unit Well #635B. The case is set for hearing before OCD hearing examiners. It is Case No. 14463.

**April 6, 2010**

OCD Enforcement and Compliance Manager files a motion to dismiss Case No. 14463 because Operator has not applied for a C-144 permit for its proposal in accordance with the administrative requirements of Part 17.

**April 8, 2010**

OCD Hearing Examiner Richard Ezeanyim holds a conference on the motion to dismiss. OCD Counsel explains that motion should be granted because Operator has not properly applied for the proposal mentioned in Operator's hearing application. OCD Counsel explains that Operator has not clearly identified to the OCD the specifics of its proposal. After the conference Operator files a response to the motion to dismiss. Operator states that it should not have to go through the administrative process for the new proposal identified in its hearing application because the question of whether it can dispose of waste offsite in a temporary pit will be the same if it goes through the administrative process for its new proposal. Operator states that the waste will now be going to a well location **not previously identified to the OCD**—the Rosa Unit Well #634B. OCD Hearing Examiner Richard Ezeanyim denies the motion to dismiss.

**April 20, 2010**

The Aztec OCD Office receives a fourth C-144 application for closed-loop system for Rosa SWD Unit #2 and temporary pit on Rosa Unit #634B location (Application #4) (OCD Exhibit 8).

**April 22, 2010**

OCD Enforcement and Compliance Manager files a motion for reconsideration requesting that the hearing application be denied because Operator appears to be seeking

an exception and it is required to go through the exception process required by Part 17, Operator's proposal in its hearing application resembles a request for a surface waste management facility, a written ruling on its motion, and that the case be heard before the OCC if denied.

**April 27, 2010**

Operator files a response to OCD's motion for reconsideration. In its response Operator states that it is not seeking an exception to Part 17 and that the application should be heard by an OCD Hearing Examiner because it wants an interpretation of Part 17 because the Aztec OCD Office and Environmental Bureau are interpreting Part 17 to not allow drilling waste to be disposed of offsite in a temporary pit. In its response Operator presents a **new** proposal that it will be seeking at hearing and attaches a copy of Application #4, which Operator had filed only with the Aztec OCD Office only days earlier. Operator indicates that it does not believe that a permit is necessary for a Part 36 facility.

**April 30, 2010**

OCD Director issues a written order denying the motion for reconsideration and sets the case before the OCC on the June docket, which is the earliest date possible for complying with notice requirements for hearing.

**June 1, 2010**

OCD requests a pre-hearing conference to determine the scope of the hearing based on the language in the order denying the motion for reconsideration, and to identify and narrow the issues and determine which of the many proposals filed by Operator are going to be considered at the hearing.

**June 3, 2010**

A pre-hearing conference is held. The OCD Director gives Operator two options—(1) file a new C-144 to use a closed loop system and haul the waste or (2) have Application #4 reviewed by OCD and then if denied, appeal the denial and have it considered on the July OCC docket. After checking with Operator, Operator's counsel sends an email stating that it wants to pursue the second option and wants Application #4 to be reviewed immediately. This is the first time in writing that Operator indicates that it is going to combine the pits. Operator's Counsel states that Operator believes it does not have to file a revised C-144 application for its proposal to share the pits.

**June 9, 2010**

OCD issues its letter denying Application #4. (The reasons for the denial are identified in the letter which is OCD Exhibit 9.)

**June 15, 2010**

Ken McQueen of Williams Production Co., LLC meets with Glenn von Gonten and Brad Jones of the OCD Environmental Bureau to discuss the OCD's denial of Application #4. Mr. von Gonten and Mr. Jones go over the June 9, 2010 denial letter and explain why Operator's proposal cannot be approved under Part 17. They discuss the conflicts with

the Rosa SWD Well #2 and Rosa Unit #634B. Operator files a motion to dismiss Case No. 14463. Case No. 14463 is dismissed.

**June 18, 2010**

OCD receives a fifth C-144 application for closed-loop system for Rosa SWD Unit #2 and temporary pit on Rosa Unit #634B location (Application #5) (OCD Exhibit 5). Operator directs the OCD to review Application #5 by June 24, 2010.

**June 24, 2010**

OCD issues its letter denying Application #5. (The reasons for the denial are identified in the letter which is OCD Exhibit 6.)

**June 25, 2010**

Operator files an application for an administrative hearing. At Operator's request the case is set for a special docket.