

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

IN THE MATTER OF CHANGES TO THE)
RULES OF PRACTICE AND PROCEDURE) Cause No. 1R
OF THE OIL & GAS CONSERVATION)
COMMISSION OF THE STATE OF COLORADO) Docket No. 1211-RM-03

**PRELIMINARY PRE-HEARING STATEMENT OF
SHELL OIL COMPANY**

Shell Oil Company (Shell) by and through the undersigned counsel, and pursuant to the Notice of Rulemaking Hearing issued by the Colorado Oil and Gas Conservation Commission (COGCC) on October 15, 2012, hereby submits its Prehearing Statement in the above-captioned matter.

Introduction

Shell supports the COGCC's efforts to craft and implement a mandatory groundwater testing program statewide. However, Shell has concerns that the draft rule on this issue fails to meet Shell's global onshore operating principles regarding the testing of potable water sources to determine whether changes have occurred both before and after oil and gas operations.

Shell supports strengthening statewide testing requirements regarding (1) the types of water sources required to be sampled, (2) the number and location of water sources required to be sampled, (3) the time periods for baseline and post-completion testing, (4) the sampling and analysis procedures, and (5) consistent testing requirements and procedures.

I. Types of Water Sources

The draft rule provides only for sampling of domestic wells. However, Shell onshore operating principles support the testing of all potable water sources near Shell's operations. In Colorado both permitted and non-permitted wells exist, as well as certain types of legally definable springs.

The draft rule should be amended to include testing of water sources that incorporate permitted and/or registered water wells, including household, domestic, livestock, irrigation, municipal/public and commercial wells, and permitted or adjudicated springs.

II. Number and Location of Water Sources

The draft rule requires sampling of only two water wells within a one-half mile radius of the well. Shell's onshore operating principles support testing of all portable water sources near Shell's operations.

All water sources located within a specified radius of a new well should be sampled to create a baseline and to detect changes in water quality after drilling activity commences.

III. The Time Period for Initial and Post-Completion Sampling

Shell's onshore operating principles support the testing of potable water sources both prior to commencement of drilling and prior to the commencement of hydraulic Fracturing, as well as post-completion sampling.

IV. Sampling Analysis and Plan

Rather than setting forth a detailed sampling and analysis plan, the draft rule simply lists the constituents to be tested for and references the Commission's Rule 910(b) for analysis procedures.

Shell suggests that the Commission adopt, as an appendix to the rule, a detailed statewide sampling and analysis plan that sets forth all of the constituents that are to be tested for as well as specific procedures to be followed in the collection and analysis in order to ensure the quality and consistency of baseline and post-completion data collected.

V. Consistent Testing Requirements and Procedures

The current draft rule fails to address water quality testing and monitoring in forms other than those domestic wells or springs already in existence.

The draft rule should be amended to include wells requested and agreed to by local government bodies and operators as they related to monitoring water quality near an

oil and gas facility. This inclusion should neither suggest, nor require, that such monitoring wells be mandatory as part of this Rule 609.

Shell joins with the Environmental Defense Fund in submitting an alternative proposed rule for the Commission's consideration under separate caption.

Submitted this 9th day of November, 2012.

SHELL OIL COMPANY

By: _____

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CERTIFICATE OF SERVICE

I hereby certify that on November 9, 2012, the **PRELIMINARY PRE-HEARING STATEMENT OF SHELL OIL COMPANY** was filed electronically at:

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In addition, on November 13, 2012, hard copies will be delivered, as follows:

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