

MONTHLY STAFF REPORT – November 29, 2000

I. STATISTICS

.. Our monthly [statistics report](#) is attached.

II. NORTHWEST COLORADO

.. Northwest Colorado Oil and Gas Forum

The last meeting of the Forum was held on November 2 in Rifle. The meeting was attended by approximately 40 people. Agenda topics included updates on NW Colorado oil and gas activity by the COGCC, the BLM, and industry people, an update by the BLM on the status of the Roan Plateau Plan Amendment, an update by Garfield County Commissioner Larry McCown on county road dust control efforts by the county and the industry, and an update by the COGCC on the Barrett Resources 20-acre density application and Commission order. Other agenda items included an update by DNR Assistant Director Rob Witwer on the DNR proposed oil and gas legislative package and an update on the 1999 COGCC Outstanding Operations Awards. Attached is a newspaper article on [dust control](#) issues raised at the November Forum.

The next meeting of the Forum will be held on Thursday, February 1 from 10:00 a.m. until 2:00 p.m. at the Rifle City Hall. The Forum, which consists of representatives from federal, state and local government, the oil and gas industry and all interested citizens, is co-chaired by Brian Macke and Garfield County Commissioner Larry McCown. Please contact Brian Macke at 303-894-2100 x122 or brian.macke@state.co.us to submit agenda topics for the next meeting.

.. Barrett Resources Increased Well Density Application

The COGCC staff has been working with Barrett Resources to begin processing Applications for Permit-to-Drill for new wells within lands subject to the Commission order adopted during the October 2000 hearing for 20-acre density in Garfield County. Attached are newspaper articles about this order. ([Article 1](#), [Article 2](#))

.. Garfield County Underground Blowout (Goad Well Remediation)

In October of 2000, both the COGCC and the US EPA approved Barrett Resources' remediation system for the benzene, toluene, ethylbenzene, and xylenes (BTEX) contaminated ground water at the Goad residence located outside Rifle. The contamination is located in the immediate vicinity of the Goad Well, which was affected by the underground blowout of the Barrett Resources RMV 108-4 gas Well in September 1997. BTEX contaminated water will be recovered from a new recovery well (OW-08) which will be installed adjacent to the Goad Well. Recovered water will be treated at the surface via activated carbon to remove the contamination and the treated water reinjected (gravity injection) into a well upgradient to the Goad Well, and outside of the BETX contaminated zone. System start-up is anticipated to be during December 2000. The operator will abandon the Goad Well. Once the benzene concentrations fall below the Water Quality Control Commission (WQCC) standards at all of the monitored wells, the COGCC will require one additional year of sampling and analysis. At completion of the remedial actions, the recovery well (OW-08) will be converted into a domestic water supply well for the Goad residence.

III. NORTHEAST COLORADO

.. TOP Operating Company City of Longmont Sandstone Ranch Drilling Applications

TOP Operating Company has filed an application for an order to withdraw conditions that were

administratively placed by the Director on seven drilling permits located in the Sandstone Ranch historic and recreational property owned by the City of Longmont. The administrative conditions would require that six out of the seven wells would be drilled directionally to their bottomhole target locations from two wellsites. The wellsites were chosen to allow oil and gas development to proceed in a manner that would prevent conflicts with the newly constructed and planned baseball/softball fields, soccer sports recreational facility, historic areas, and complex of creek corridors, wetlands, ponds, and trails along St. Vrain Creek and Spring Gulch. The City of Longmont has filed an Intervention and an application to have the Sandstone Ranch facilities designated as an "outside activity area" under the COGCC Rules. This designation would require the greater high density area setbacks for wells and production equipment from the facilities. The Colorado Oil and Gas Association has also filed an intervention in the matter. Attached is a newspaper article about the current interest in [open space](#) areas near Longmont.

IV. **SOUTHWEST COLORADO**

.. **La Plata County Gas & Oil Regulatory Team (GORT)**

The next GORT meeting is scheduled for February 8, 2001 from 8:30 to noon at the La Plata County Fairgrounds.

V. **SOUTHEAST COLORADO**

.. **Raton Basin Project 2000 - 2002**

Contracts have been signed with consultants for Phase I and Phase V of the Raton Basin Project. Phase I is the investigation of methane seeps using infrared instruments capable of detecting gas at one part per million. Field work began the week of October 23, 2000. Phase V is the identification of core and drill holes as well as underground mine workings. Work on Phase V began in November.

.. **La Plata County/San Juan Basin 3M Project – Update**

The final ground water and reservoir modeling reports have been reviewed by COGCC, BLM and SUIT staff. These reports will be presented at the next 3M Technical Peer Review Team meeting on December 14, 2000 and will also be available on the COGCC website as downloadable files shortly after that date.

The Colorado Geological Survey's 3M Fruitland Formation report, maps, and cross sections are available on the COGCC website.

VI. **ENVIRONMENTAL ISSUES**

.. **Water Quality Control Commission/Division Quarterly Meeting/Annual Report**

COGCC environmental staff will be making their annual presentation as an implementing agency of ground water standards and classifications to the WQCC during the WQCC hearing at 1 p.m. on December 12, 2000. A copy of the report has been provided for your review.

.. **Statewide Integrated Ground Water Quality Protection Program**

The last meeting of the Colorado Ground Water Protection Council was held on November 30, 2000 from 9:00 to 11:00 a.m. in the COGCC conference room.

.. **Rule Making Proposed to the Water Quality Control Commission (WQCC)**

In an ongoing quest to resolve discrepancies between the EPA requirements for UIC programs and the

WQCC standards and classifications for ground water, Randall Ferguson, Debbie Baldwin, and Ed DiMatteo continue to work with staff from both agencies. New rules have been proposed that would apply to the Lyons Sandstone in Weld County (proposed WQCC Rule 42.7.(46); the Parkman Sandstone in Weld County (proposed WQCC Rule 42.7.(47); the Sussex Sandstone in Weld County (proposed WQCC Rule 42.7.(48); and the D and J Sandstones in Adams, Arapahoe, Morgan, Washington, and Weld Counties (proposed WQCC Rule 42.7.(48).

COGCC staff will present the proposed rules to the WQCC at their December 12, 2000 hearing. The hearing begins at 11:00 a.m. in the Florence Sabin Conference Room of the Colorado Department of Public Health and Environment (CDPHE), 4300 Cherry Creek Drive South, Denver.

VII. ORGANIZATION

.. Staff Organization

Our current organization chart is attached. We would like to welcome Nicole Wells who filled our vacant Administrative Assistant III position on December 1. In addition to providing hearing support to Tricia Beaver, Nicole will provide office administrative assistance to the COGCC staff.

VIII. PLANNING/ADMINISTRATION/OTHER

.. COGCC Oil and Gas Well Permitting Workshop for Operators

Due to firm commodity prices, the COGCC is experiencing an increasing level of oil and gas well permitting activity. To assist operators in the preparation of complete permit packets and to continue to provide timely processing of permits, the COGCC permitting staff conducted two separate sessions of an Oil and Gas Well Permitting Workshop on November 13. The purpose of the workshop was to ensure that operators are aware of the latest rules and regulations that apply to well permitting, and how to use information on the COGCC web site for well permitting. This is particularly important for operators who have not been actively permitting wells since the recent rule changes.

The workshop was attended by 52 people representing 37 companies and individuals. The course was very well received, and there were many expressions of appreciation from those who attended. The course evaluation results were as follows (1=poor, 5= excellent):

Instructor's Effectiveness	4.86
Course Covered Expected Topics	4.89
Course Proper Length of Time	4.43
Course Written Handouts Helpful	4.77
COGCC Facilities Adequate	4.49
Instructor Visual Aids Clear	4.80

Overall Average Score	4.71
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Special recognition goes to Permit/Completion Technician Jeff Glossa who did a great job using his previous teaching experience to prepare and instruct most of the course. Thanks also go to Information Manager Thom Kerr for his instruction on COGCC Web Site navigation and Permit Engineer Bill McCaw for his assistance in conducting the course.

Suggestions for future COGCC courses included more in depth COGCC Web Site navigation, well completion reporting, well recompletion permitting, and the use of Sundry Notices.

.. Department of Natural Resources Oil and Gas Legislative Package

Attached are newspaper articles about the legislative package. ([Article 1](#), [Article 2](#), [Article 3](#)) A more

detailed overview of the DNR Oil and Gas Legislative Package can be found on the internet at <http://www.dnr.state.co.us/overview.htm>

Well Log Imaging

The division's open hole well log electronic imaging project has been started. The goal of this project is to image all of the estimated 66,000 plus well logs and make them available to all COGCC data users. Ultimately, the log images will be accessible through the Internet. There will be more information about how the logs will be accessed in future staff reports.

The scanner that was anticipated to meet the requirements of the project has been tested, the image output looked good and the throughput will work with the purchase of an additional scanner which has been ordered. The software that will be used to index and import the data is an off the shelf product that is being modified to handle the large files. After the additional scanner has been received and the software modifications complete, the scanning will begin. The scanning, which will be performed by the Colorado Division of Central Services, will take three to six months depending on the number of eight-hour work shifts that are utilized.

Colorado Oil and Gas Information System (COGIS)

The information system for COGCC has been named the Colorado Oil and Gas Information System (COGIS). COGIS is made up of the database management system, the Geographic Information System (GIS) and the document imaging system. All of these systems are available on the Internet and in the public room.

The database application consists of a forms processor that stores entered data for review by appropriate technical staff for quality control and compliance. Data access is provided by an online query application to view individual records on the computer screen. Reports are being developed to provide access to multiple record data sets.

The GIS is made up of two parts. The plat mapping tool spots wells, pits, and other associated facilities. The Internet available GIS tool is the Autodesk Mapguide application that displays statewide data including wells, pits, land ownership, spacing, surface water, surface geology, municipalities, roads, etc. Autodesk Mapguide allows for zooming, panning, printing and redirection to the database queries.

The document imaging system contains digital images of all paper records of the COGCC. The historical records have all been scanned including cement bond logs and oversize hearing exhibits. The images are available on the Internet.

The impact of these new systems substantially affects the processes that COGCC staff uses to complete its work. Work continues on program fixes (bugs), training, documentation, and modifications to the workflow to fit the new methods of data processing. As these issues are worked through, delays in form approvals and data distribution experienced by COGCC customers should be resolved. Data migration and cleanup continues, although this will be a long-term project. The results will be well worth the effort.

Electronic Levy Reporting

There are several levy payors submitting their Conservation Levy reports electronically. These reports account for 2,522 of 17,222 total leases reported in a single quarter or fifteen percent (15%) of the total. While this is a big help it is a small amount of the total percentage and the data entry volume is very significant.

Sharon Tansey will be contacting Levy payors directly and urging them to submit their reports electronically. She will also be working on creating an Excel spreadsheet to help with the data format.

The specifications are detailed in the document titled "Oil and Gas Conservation Levy, Form 8, Specifications" which can be found on the Internet under the same title at <http://www.cogcc.state.co.us/documents.html> Electronic filing of levy data will help reduce the data input requirements and data entry errors thus enabling faster turnaround time of all documents. Electronic submission may be made by e-mail attachment to ogcc.eforms@state.co.us or by mailing 3.5-inch diskette or CD. Questions should be directed to Sharon Tansey at (303) 894-2100 x128.

Production Reporting by E-mail

There are currently more than 60 operators reporting production electronically. These electronic reports account for 17,625 out of a total of 24,131 well completions reported or 73% of the total reported for June, 2000. This significantly helps reduce the manual data entry volume.

Sharon Tansey has been distributing an Excel spreadsheet that lays out the electronic format for the production report. Electronic submission may be made by e-mail attachment to ogcc.eforms@state.co.us or by mailing a 3.5-inch diskette or CD. To assist operators in understanding the new production reporting form, the codes used on the form, and the data format for reporting electronically, COGCC staff have prepared a document titled "Monthly Report of Operations, Form 7 Specifications". This document is available on the COGCC Website at <http://www.cogcc.state.co.us/documents.htm> , or from the COGCC office. Questions should be directed to Sharon Tansey at (303) 894-2100 x128.

Data Entry

The volume of data entry has increased significantly over the past year. With the current oil and gas prices, we are seeing an increase in drilling and completion activities and the 1999 production reporting requirements significantly changed the number of lines of data submitted. In addition, the new COGIS database allows for storage of a more complete data set than the previous database for wells and other oil and gas operations. In order to facilitate faster turnaround time of approvals and earlier data access to submitted data, all operators are being encouraged to submit their production and levy reports electronically. The COGCC is exploring ways to make forms available for submission on the Internet so that all forms can be submitted electronically.

The COGCC, with the State's Pueblo Data Entry Center (PDEC), is exploring the option of Optical Character Recognition (OCR) conversion of the production reports. OCR technology allows the conversion of an image back to the characters that made the data. This technology has greatly improved over the last two years and the accuracy is much higher. The COGCC would scan the production reports and transfer the images to PDEC. PDEC would then run the OCR application on the imaged files, review the converted data and correct any improperly converted characters.

In order to implement this, operators will be required to use a form similar to the current form with markers on the corners. The markers will allow the software to resize the form to original and square it so that it can be read. In addition, there will be a request for operators who are generating paper reports from their computer to submit the data electronically.

COGCC on the Internet

The COGCC continues to expand its Internet presence. Access to the COGIS database is now available via the "Info Systems" button on the COGCC homepage. The GIS and Document Images are available via the same selection. The COGCC searchable orders are available from either the homepage or the Info Systems page.

The GIS has been modified to return the well data query when a well spot is double clicked to display the well data. Active undrilled permits are now available on the GIS

We continue to redesign our web pages to provide improved customer service. The public is invited to leave comments or suggestions for improvements of the COGCC Internet site. Our e-mail address is dnr.ogcc@state.co.us

Customer Feedback on Web Site

The comments we receive are encouraging and continue to deliver the message that we are on the right track to provide our customers with the right product. Our goal is to continue to improve the website and the data contained within. With the constructive and positive feedback that we continue to receive we hope to improve on the product.

NGPA Well Determination Process Resumed

The COGCC and the Federal Energy Regulatory Commission ("FERC") held a workshop on September 19, 2000 for producers to discuss the FERC's July 14, 2000 approval of Order No. 616 which became effective on September 25, 2000. BLM Representatives were among the 27 attendees.

On October 1, 2000, the COGCC began accepting applications for determination of coal seam gas and tight formation gas for wells spudded after December 31, 1979 and before January 1, 1993 for which determinations were never requested. In addition, applications may be filed for determination for wells recompleted for coal seam gas and tight formation gas commenced after January 1, 1993, in wells drilled after December 31, 1979 and before January 1, 1993, for which determinations were never requested. Further, gas producers may wish to file applications with the COGCC seeking designation for new tight formation areas previously undesignated.

Operators must submit FERC Form 121 and the COGCC Form along with the required materials to the COGCC for processing. FERC Form 121 is available in hard copy at the COGCC. The COGCC form is available digitally on the website by clicking on "Natural Gas Category Determination". Additional information is available on the website including a list of tight formation area designations. The COGCC has obtained a list of all previously approved well determinations from the FERC and will post it to the website. To date, 30 applications have been filed and we anticipate processing them and sending to FERC the recommendations for approval before year end. For additional information, contact Tricia Beaver at (303) 894-2100 x115 or tricia.beaver@state.co.us

Penalties Status

Attached is a revised [table](#) showing the status of penalties paid and penalties pending collection. Penalties pending collection over sixty days old have been referred to State Collections so they can attempt to collect these penalties.

January Hearing Docket

A preliminary docket for January has been provided. Hearing dockets are updated on the COGCC website and can be accessed at <http://cogcc.state.co.us/2000Schedule.htm>

IX. VARIANCES

Washington County Horizontal J Sand Well Exception Location

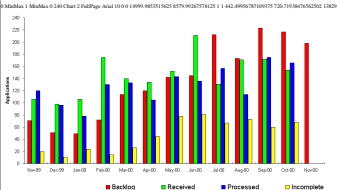
The following is not a 502.b. variance that is required to be reported to the Commission, but is provided for informational purposes only. An exception location under Statewide Well Location Rule 318. was granted by the Director for the Kestral Resources, Inc. Davis #7 Well which has a surface location in the NE¼SE¼ of Section 30, Township 3 South, Range 51 West, 6th P.M. The proposed well is a horizontal J Sand well that will be drilled near the center of a 320-acre lease in an unspaced

area that is surrounded by four other J Sand wells in legal locations on essentially 40-acre density. The proposed well is at an exception location because the bottom hole horizontal J Sand completion is within 680 feet of the nearest J Sand well, instead of the 1200 feet required by Rule 318. The bottom hole J Sand completion is 600 feet from the lease line, which is in compliance with Rule 318. The wells being encroached upon are all in the same lease as the proposed well, and the mineral owners and lessees approve of the well being drilled. The surface owner, who is also the mineral owner, has signed a waiver of the 30 day notice period required by Rule 305., and approves of the surface location.

H:Ginger/Misc/Staff Report/12-00

Monthly Breakout of Drilling and Recompletion Permits

Age	Backlog	Completed	Withdrawn	Rejected	In Process	Resubmitted
Nov-00	48	96	87	0	11	20
Dec-00	47	71	71	0	11	20
Jan-01	47	71	71	0	11	20
Feb-01	70	133	134	0	15	30
Mar-01	100	188	189	0	20	40
Apr-01	117	213	213	0	25	45
May-01	160	273	273	0	30	60
Jun-01	180	319	322	0	31	70
Jul-01	200	357	359	0	35	80
Aug-01	220	395	396	0	40	90
Sep-01	227	438	438	0	45	100
Oct-01	260	475	475	0	50	110
Nov-01	290	0	0	0	0	0
Dec-01	290	0	0	0	0	0
Jan-02	290	0	0	0	0	0
Feb-02	290	0	0	0	0	0
Mar-02	290	0	0	0	0	0
Apr-02	290	0	0	0	0	0
May-02	290	0	0	0	0	0
Jun-02	290	0	0	0	0	0
Jul-02	290	0	0	0	0	0
Aug-02	290	0	0	0	0	0
Sep-02	290	0	0	0	0	0
Oct-02	290	0	0	0	0	0
Nov-02	290	0	0	0	0	0
Dec-02	290	0	0	0	0	0
Jan-03	290	0	0	0	0	0
Feb-03	290	0	0	0	0	0
Mar-03	290	0	0	0	0	0
Apr-03	290	0	0	0	0	0
May-03	290	0	0	0	0	0
Jun-03	290	0	0	0	0	0
Jul-03	290	0	0	0	0	0
Aug-03	290	0	0	0	0	0
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Oct-03	290	0	0	0	0	0
Nov-03	290	0	0	0	0	0
Dec-03	290	0	0	0	0	0
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Feb-04	290	0	0	0	0	0
Mar-04	290	0	0	0	0	0
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Jun-05	290	0	0	0	0	0
Jul-05	290	0	0	0	0	0
Aug-05	290	0	0	0	0	0
Sep-05	290	0	0	0	0	0
Oct-05	290	0	0	0	0	0
Nov-05	290	0	0	0	0	0
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Mar-06	290	0	0	0	0	0
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May-06	290	0	0	0	0	0
Jun-06	290	0	0	0	0	0
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Dec-06	290	0	0	0	0	0
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Oct-07	290	0	0	0	0	0
Nov-07	290	0	0	0	0	0
Dec-07	290	0	0	0	0	0
Jan-08	290	0	0	0	0	0
Feb-08	290	0	0	0	0	0
Mar-08	290	0	0	0	0	0
Apr-08	290	0	0	0	0	0
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Apr-16	290	0	0	0	0	0
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Jun-16	290	0	0	0	0	0
Jul-16	290	0	0	0	0	0
Aug-16	290	0	0	0	0	0
Sep-16	290	0	0	0	0	0
Oct-16	290	0	0	0	0	0
Nov-16	290	0	0	0	0	0
Dec-16	290	0	0	0	0	0
Jan-17	290	0	0	0	0	0
Feb-17	290	0	0	0	0	0
Mar-17	290	0	0	0	0	0
Apr-17	290	0	0	0	0	0
May-17	290	0	0	0	0	0
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Mar-18	290	0	0	0	0	0
Apr-18	290	0	0	0	0	0
May-18	290	0	0	0	0	0
Jun-18	290	0	0	0	0	0
Jul-18	290	0	0	0	0	0
Aug-18	290	0	0	0	0	0
Sep-18	290	0	0	0	0	0
Oct-18	290	0	0	0	0	0
Nov-18	290	0	0	0	0	0
Dec-18	290	0	0	0	0	0
Jan-19	290	0	0	0	0	0
Feb-19	290	0	0	0	0	0
Mar-19	290	0	0	0	0	0
Apr-19	290	0	0	0	0	0
May-19	290	0	0	0	0	0
Jun-19	290	0	0	0	0	0
Jul-19	290	0	0	0	0	0
Aug-19	290	0	0	0	0	0
Sep-19	290	0	0	0	0	0
Oct-19	290	0	0	0	0	0
Nov-19	290	0	0	0	0	0
Dec-19	290	0	0	0	0	0
Jan-20	290	0	0	0	0	0
Feb-20	290	0	0	0	0	0
Mar-20	290	0	0	0	0	0
Apr-20	290	0	0	0	0	0
May-20	290	0	0	0	0	0
Jun-20	290	0	0	0	0	0
Jul-20	290	0	0	0	0	0
Aug-20	290	0	0	0	0	0
Sep-20	290	0	0	0	0	0
Oct-20	290	0	0	0	0	0
Nov-20	290	0	0			



Start Date Ending Amount Total

BLM may require better dust control on GarCo roads

By Mike McKibbin
RIFLE - Dust and other complaints caused by natural gas well development along Garfield County roads may be reduced, if a proposal by the manager of the Glenwood Springs Field Office of the Bureau of Land Management is put in place. Anne Huebner explained her plan, which met with strong initial opposition from gas operators, at the Nov. 2 quarterly Northwest Colorado Oil and Gas Team meeting.

Huebner said she would like to see conditions attached to future BLM permits to drill on federal lands that would require operators to spray magnesium chloride on county roads, even if they are beyond federal boundaries.

"I drove up Beaver Creek Road after the last meeting," Huebner said. "What I saw made me think you couldn't give me these properties. And I'll be blunt about it: It was because of those companies."

At the last forum meeting this summer, several residents complained about dust, noise and other negative affects they said were caused by large drilling rigs and other industry-related trucks traveling near their properties.

One person called such conditions "heavy handed" and an example of the federal government "taking control of everyone's lives."

Huebner cited the National Environmental Policy Act with giving the BLM such authority. "It's clear that if adjacent

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Local manager proposes stricter control as condition for federal natural gas drilling permits

ROADS from page 14

lands are affected by activities on federal lands, I have the responsibility to act," she said. "The fences I saw when I drove that road were totally covered in white" dust.

To date, the Glenwood Springs Field Office approved 35 drilling permits, an all-time high for the office.

Huebner added she left the last meeting feeling no one was being accountable for the problems the residents had experienced.

Matt Rhoret with Tom Brown Inc., one of the natural gas operators in the area, said he took exception to Huebner's plans and added his company and others had worked with the county when concerns arose.

Commissioner Larry McCown provided a handout that showed six operators paid at least \$63,500 during the past year to spray mag chloride on county roads to try to keep dust down. McCown said the county spent around \$100,000 on the same effort.

"The companies have always stepped to the front when we presented them with a problem," he added. "I'm not saying the problem won't exist next year [when roads dry out], but we will continue to have a problem."

could make more permanent solutions to the dust problem, since mag chloride does not last very long and the county cannot afford to chip seal or pave all its roads. He noted the total miles of roads sprayed last year was very small, with several targeted more than once.

Huebner seemed convinced her plan would improve matters, although said if enough people tell her to not proceed with road spraying conditions on BLM drilling permits, she would abandon the plan.

"I think three weeks of living with the dust that was there this summer, for those people, was just totally unacceptable," she said. "We already do this with timber sales, and they contract the spraying out. But if all the public says this isn't an issue, I'll drop the whole thing."

The BLM proposal came after area operators reported the status of their current drilling activity. Barrett Resources Corp. continues to be the busiest in the county, with 77 wells drilled so far this year and plans for a total of 84 by the end of the year. Calpine Drilling and Tom Brown Inc. reported just nine wells between them, while officials from Ballard Petroleum were not at the meeting.

Brian Macke, deputy director of the COGCC,

any year since at least 1988, perhaps further back, he added. The number of Garfield County permits already approved was the third highest in Colorado, trailing only Weld County's 373 and Las Animas County's 199 permits. Garfield County was also third in 1999 gas production by county, at eight percent or 56 billion cubic feet. That was down from 59 billion cubic feet in 1998.

Macke also noted natural gas development was projected to continue to increase "for quite some time, depending on prices." He said the northwest pipeline gas price index, one of several indexes the agency tracks, was between \$1 and \$2 per thousand cubic feet from 1992 and early 1999. This year, natural gas was at \$4.20 per thousand cubic feet at the end of October. For the month of November, the price is projected to reach \$4.79 per thousand cubic feet. Operators use the index to calculate their rates of return when planning how many wells to drill.

Macke credited part of the reason for the strong prices to the popularity of natural gas as a clean burning fuel.

"It's a badly needed commodity right now, and the concern is that operators won't be able to meet demand."

FILE "CITIZEN TELEGRAM" NOV. 1, 2000

Barrett considers appeal of 20-acre spacing denial

COGCC places conditions on new gas wells near Rulison, including directional drilling

By Mike McKibbin

DENVER • A decision on any possible appeal of the Colorado Oil and Gas Conservation Commission's conditional approval of Barrett Resources Corp.'s 20-acre spacing plan for some 4,760 acres in western Garfield County should be made within four to six weeks. Company officials may seek injunctive relief against the order, which restricts drilling to directional drilling over much of the land between Rulison and Parachute.

Monday, the COGCC voted 5-1 to adopt order language from agency director Rich Grubbs that found 20-acre spacing "may result in significant adverse environmental impacts on air, water, soil and biological resources, and may adversely affect public health, safety and welfare." Commissioner Al Phillips of Evergreen was opposed and Commissioner Brian Cree of Littleton was absent.

Under the order, Barrett would be limited to drilling four new wells on some 1,320 acres south of the Colorado River near Rulison. The company could drill wells with 20-acre spacing on the remaining 3,440 acres of application lands north of the Colorado River, with landowner surface use agreements.

Barrett was granted permission in March to double the current 40-acre density within the application area. However, the order was stayed when the Colorado Oil and Gas Association,

Garfield County, the Grand Valley Citizens Alliance and ten Rulison-area landowners, lead by former County Commissioner Arnold Mackley and Joan Savage, intervened.

The later three groups claimed the spacing, the closest in Colorado, would have serious environmental, public health, safety and welfare effects. After a local public forum and public issues hearing, the COGCC agreed.

Commissioners Monday also denied three motions regarding conditions proposed by the three opposing intervenors which met with Barrett's approval. Each was felt to already be included in the conditions presented by Grubbs.

Duane Zavadi, health, safety and environmental manager for Barrett, said he was disappointed certain aspects of the craft order, presented at the COGCC meeting a month before, were included.

"We feel there are many unnecessary rules and administrative procedures that will have to take place" within the application area, Zavadi explained. "We propose mitigation that we felt would prevent any significant impacts, but the commission just ran with the staff recommendations."

Zavadi said an appeal of the commission's decision "is an option." He added the final word on such a step would have to come from Barrett corporate officials. The company has 30 days

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Barrett opposes directional drilling

WELLB from page 1

of a written order is presented to file an appeal. A written order is expected to be delivered to all parties within the next few weeks.

"We would be willing to essentially meet all these conditions, except directional drilling," Zavadi said of the company's main objection.

That method utilizes existing well pads to drill as many as four new wells in a diagonal direction instead of new pads and vertically drilled wells. Barrett strongly opposed directional drilling due to what it claimed were higher costs compared to vertical drilling.

Drilling would be allowed to impose site-specific directional drilling as a condition following an on-site inspection of new wells that met certain conditions. The company could

appeal that or any other condition to the COGCC.

"If you add ten percent to the cost up front, your recovery period is over a longer time," Zavadi explained. "Gas prices are high right now, but they will eventually fall back down. It's

property rights," he said.

Jenny Hines, president of the GVCA, said she was not totally pleased with the commission's decision either.

"I'm happy for the Mackley group, but we think the GVCA should have the chance to comment on site inspections along with the county," she said.

The order gives the authority to conduct on-site inspections of proposed well sites that meet certain conditions. He can then impose various conditions to mitigate the effects of the new well on the surrounding land. The county's local governmental designee is given copies of all drilling permits within

"I felt they could have gone a little further but by and large, this will make Garfield County a better place to live."

Arnold Mackley

simple economics.

Zavadi indicated 33 proposed well sites south of the Colorado River would be restricted to directional drilling under the terms of the order.

Mackley said he was pleased at the outcome of the long and costly process, although he considered it an "overall draw."

"I felt they could have gone a little further" to limit drilling over more of the area, he stated, "but by and large, this will make Garfield County a better place to live."

Mackley, a longtime industry supporter who has 11 gas wells on his 263-acre ranch, added that he had to do the same thing again, he would.

"You have to protect private

property rights or the could call for site inspections if a significant adverse environmental impact or adverse impact to public health, safety and welfare is believed to likely occur.

Hines also told the Parachute Creek area would be "devastated" by 20-acre spacing. The commission allowed to take place within that portion of the application area.

"Some conditions will add good practices," she added of other aspects of the order. "Instead of dismal speculation, that's been a long-time crying and it's too bad we had to go through this process and that on a 263-acre ranch, added that he had to do the same thing again, he would.

Hines added that the group had always discussed that, if they felt their concerns were not addressed by the commission, an appeal might be pursued.

Other conditions include requirements that the company submit a detailed surface use agreement to the county and that all drilling permits be filed with the county clerk. On drilling, Hines said, the implementation of the order after a year has passed. The county

GRAND JUNCTION "DAILY SENTINEL" WED, NOV 1 2000

Editorials

Gas commission reaches evenhanded compromise

There's at least a small bit of relief in western Garfield County this week, now that the Colorado Oil and Gas Conservation Commission has reined in plans by Barrett Resources to increase gas-well density in that portion of the county. The commission also gave the Garfield County Commissioners more authority to ensure gas-well drilling complies with environmental rules.

The relief is tempered by two things, however. First the commission only blocked surface density of one well every 20 acres on approximately 1,400 acres south of the Colorado River near Rulison. Twenty-acre surface spacing will still be allowed on approximately 7,000 acres, most of it north of the river.

Additionally, officials with Barrett say they may appeal even those modest restrictions. The company argues that by requiring it to use directional drilling rather than increase surface-well spacing, the commission will cost the company millions of dollars a year.

It is to be hoped the commission ruling stands, because it is a reasonable — if limited — attempt to balance the rights of those who own underground minerals with those who own the property on the surface.

Barrett's plan to increase well density to 20 acres on roughly 9,000 acres was opposed by a variety of interests across a wide breadth of the political spectrum. The Grand Valley Citizens Alliance opposed that density on the full 9,000 acres. The Garfield County Commissioners opposed the density primarily south of the river, since most property owners in the sparsely populated area north of the river didn't object. And the collection of longtime property owners known as the Mackley Group only opposed the increased density on the 1,400 acres they controlled.

The diversity of opposition to Barrett's plans demonstrated that this was more than a typical fight of industry vs. environmentalists.

It is also evidence of the need for changes in the rules governing natural-gas drilling in this state. Greg Walcher, head of the state Department of Natural Resources, proposed such changes a few weeks back to try to head off disputes before they reach the commission. But it will take legislative action to put most of them in place.

In the meantime, the decision against higher well density — however narrow — puts everyone on notice that gas drilling doesn't automatically trump all other rights.

Longmont gets 'new attitude' on open space

Newcomers credited with approval of tax

By Monte Whaley
Denver Post Staff Writer

LONGMONT — Boulder County's two largest cities have been about as similar as tofu and bacon.

Boulder always boasted the University of Colorado, trendy coffee shops and policies that kept developers at bay.

Longmont was carved out by farmers who drank black coffee in diners. Residents also stubbornly insisted there was no reason to spend hard-earned tax dollars to protect meadows from being swallowed by homebuilders.

Getting developers to sprinkle a few parks and trails in their wake was good enough, they said.

The times, and Longmont, are a-changin'.

Voters this month approved their first open-space tax. By a narrow margin — 14,168 to 13,492 — they endorsed adding 20 cents to every \$100 purchase to buy undeveloped land in the city.

Officials hope to raise \$3 million a year over the next 26 years to build a greenway buffer against rapid development along the city's eastern borders.

Some residents are still stunned by the vote. Voters here rejected three previous Boulder County open-space measures before back-

ing a fourth in 1999.

Longmont's first attempt at a citywide open-space tax failed miserably in the early 1990s.

"I really don't know what the difference was this time," said Al Sweney. For more than 28 years, he served as mayor, city manager and on the Planning and Zoning Board before recently retiring from local politics.

"Longmont's always had a very good program requiring open space and park land from developers," he said. "My feeling was that was adequate as far as open space."

But many newcomers, and plenty of long-time residents, have grown uncomfortable with Longmont's status as the county's fastest-growing city, with houses crowding the horizon.

Longmont issued 1,208 residential building permits in 1999 and 1,587 the year before.

"A lot of people came here from Eastern and Western states where there was overpowering congestion," said Longmont City Councilman Tom McCoy. "And they want us to preserve what we have here."

Even if that means following just about every other Boulder County community in framing some sort of open-space plan.

Boulder and the county, in particular, have always kept a tight rein on growth while guarding foothill meadows and old farms.

Boulder caps housing growth at 1 percent annually and has acquired more than 35,000 acres to create a wide greenbelt around the city.

Boulder County's aggressive open-space plan — 50,000 acres have been secured since 1993 — hemmed in Longmont to the south, west and north.

Many Longmonters refused to copy the Boulder approach and were resentful that the county seemed to want to control the city's borders, say residents and officials.

"Longmont has a real independent streak," said local resident and Boulder lawyer Bruce Dierking. "There used to be a bumper sticker floating around the city that said, 'Don't Boulderize Longmont.'"

But the sudden expansion of businesses around Interstate 25 in Weld County and east of Longmont convinced enough people to adopt a Boulder-like open-space plan, Dierking said.

"If the city wants to have any kind of say of how things will look out there, they need this tool to buy



The Denver Post / John Prieto

Open-space advocate and Longmont council member Tom McCoy stands at the Sandstone Ranch, which the city recently purchased.

up open space," he said.

Councilman McCoy, a retired schoolteacher, has been on the council for 18 years. Most of that time he was the only member to object to what he saw as the over-development of Longmont.

"He truly was the lone wolf," said open-space backer John D'Amico, who lives in town.

McCoy sees the successful Nov. 7 vote as evidence more people here are seeing things his way.

"The new people who have moved here have a different attitude about open space," he said.

"They take it seriously."

McCoy and others now want to move quickly to tie up high-priced property prime for development.

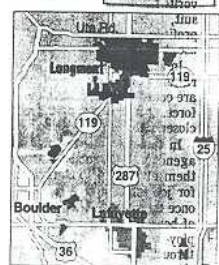
The new open space likely will revolve around the Sandstone Ranch property Longmont bought in September with the help of state lottery money.

The 300-acre parcel lies just east of Longmont in Weld County. The city is turning it into ballfields and a community park.

Later, trails from Sandstone will connect with walking and bike paths through Longmont and parts

Open-space priority

Longmont residents recently passed their first open-space tax, allowing the city to buy parcels of land to protect itself from oncoming development from the east.



The Denver Post

of Boulder and Weld counties.

The plans for Sandstone Ranch probably convinced voters to approve the sales tax to keep the open-space effort going, said Councilman Doug Brown.

"They saw the benefits of connecting trail systems," Brown said. "They want to see this plan through fruition."

RIFLE "CITIZEN TELEGRAM" NOV 8, 2000

Group may seek statewide vote on COGCC conflict bill

GVCA to seek legislative approval of bill next year, but plans for initiative in two years

By Mike McKibbin

BATTLEMENT MESA - The Grand Valley Citizens Alliance plans to try for a third time to get a conflict of interest bill approved by Colorado lawmakers next year. If they are again unsuccessful, the group may proceed with a statewide initiative to place the issue before voters in two years.

The group wants to prevent members of the Colorado Oil and Gas Conservation Commission with economic ties to the industry from serving on that regulatory board.

Currently, Colorado law allows five of the seven appointed members to have either contractual or direct employment by oil or natural gas operators. Two previous bills were defeated in the House of Representatives, last year's legislation by one vote on third and final reading after industry lobbyists and corporate officials applied added pressure on lawmakers.

GVCA president Janey Hines-Broderick said even if three proposed bills drafted by the Department of Natural Resources are approved, "they still miss part of the reason for the conflict of interest bill." Those bills address surface damages by operators, property owner notification of severed mineral rights and dormant oil and gas interests.

"The commission will still be developing policy for the industry while they're employed by them," she added. "There probably shouldn't be any board with regulatory authority over its own industry. It's a good

calls with other citizen's groups with such concerns were recently held. She said the groups are ready to propose the conflict of interest bill again, but do not have a sponsor at this time.

"The DNR bills will give legislators issues

"The DNR bills will give legislators issues to hide behind and say 'I supported these bills,' when they explain why they don't support our conflict of interest bill,"
Janey Hines Broderick

to hide behind and say 'I supported these bills,' when they explain why they don't support our conflict of interest bill," Hines Broderick said.

The group hopes to ask each COGCC member to voluntarily disclose how much money they make from the industry. If they refuse, Hines-Broderick said they can use that to argue for the conflict bill.

"We can say they must have a reason why they don't want people to know that," she stated. "If they answer the questions, that adds power to our case too."

However, some GVCA board members and others felt the chances of success for the conflict of interest bill were not very good, since former State Rep. Russell George is now

the last two years, sponsored the legislation last year. As a backup plan, a statewide initiative to gather signatures and place the matter before Colorado voters is a possibility.

However, "We really need the front range's help," pointed out Matt Sura, the Western Colorado Congress representative to the GVCA. Since oil and gas development takes place to any extent in just a handful of counties, getting voters across Colorado to approve such a ballot question will be an uphill fight, he and others agreed.

Hines-Broderick said the GVCA can build those coalitions over the next year, since such initiatives can only be presented to voters every two years.

"We were ready in heart and spirit to do an initiative, but the more experienced members among us said

we probably should wait," Hines-Broderick added of the conference calls. She said the group needs to keep an eye on any legislation that would make it harder to place citizen initiatives on the ballot. State Rep. Gregg Rippey, R-Glenwood Springs, has indicated plans to sponsor such a bill in response to the large number of amendments and issues on this year's ballot.

"Even if we can't find a moderate Republican to sponsor the [conflict of interest] bill, we might go to a Democrat who may not even have any oil and gas development" in their district, Hines Broderick added. "They can support it from a good government angle and even if we lose, we can rally support!"

Oil and gas bills 'step in right direction' toward balance ②

RIFLE "CITIZEN TELEGRAM" Nov. 8, 2000

Three proposed bills attempt to address surface owner vs mineral rights owner conflicts

By Mike McKibbin

RIFLE - The battle between surface owners and mineral rights owners has prompted the Department of Natural Resources to propose new legislation. The proposed legislation would require that Colorado landowners (who do not own the mineral rights on their property) be notified of that fact. Landowners would also be entitled to collect more money if their property was damaged by natural resource development such as oil and gas drilling. Abandoned oil and gas rights would be reunited with surface owners under a third bill.

The legislative package was explained at the Nov. 2 meeting of the Northwest Colorado Oil and Gas Forum by the assistant director of the agency, Rob Witwer. The department oversees the Colorado Oil and Gas Conservation Commission, the seven-member appointed body that regulates the industry in the state.

Witwer said a "substantial" increase in oil and gas drilling along with other surface developments associated with growth lead to more conflicts between surface and mineral

rights owners.

"We first became aware of this during the interim legislative committee's hearings," he said. "That planted the seeds in our minds and caused us to try to look for solutions." That committee of lawmakers toured the oil and gas producing counties and listened to local residents voice concerns. Recent spacing applications in Garfield and La Plata counties again brought the issue to a head, he added.

In early October, DNR Executive Director Greg Walcher announced the package of three bills. In a news release, Walcher noted "some of these ideas seem to work in other states, so we believe these will mitigate problems in Colorado too."

Witwer said currently, the rights of surface and mineral owners are out of balance "and it goes back probably 100 years" when rights were allowed to be severed.

"We don't think that reflects the current situation," he explained. "Many people who move here from back east don't know what it means to not own their mineral rights and they didn't know a company could

just start drilling on their property." In Colorado, property can be divided into the surface and mineral estates.

One proposed bill, the surface damage statute, would require oil and gas operators to negotiate a surface use agreement with the surface owner governing the use of that property and how they would compensate that owner for any damages. If the parties can't agree, the operator would not be allowed to enter the site to drill until appraisal proceedings are completed. A panel of three appraisers would determine the amount of damages, including a decline in property value, to be paid to the surface owner.

Witwer said nine other states have such provisions in place.

"Right now operators pay for 'unreasonable' damages, and we think this is a step in the right direction," he added. "It levels the playing field for the surface owners."

Another bill, the property owner notification statute, would require title insurance companies to tell potential property buyers if there are severed minerals attached to the property. If so, they must also provide a clear statement that

the mineral owner may have the legal right to enter and use the surface for drilling activities without permission.

"It's just really unfair for people to find out they didn't get all they thought they were getting when they buy their property," Witwer said.

The third bill, the dormant oil and gas interests statute, would allow a surface owner to terminate oil and gas interests that have not been used, taxed or recorded for a period of 20 consecutive years. If no one who can prove ownership objects to such a claim, the mineral rights revert to that surface owner. Witwer said 20 other states have

similar laws.

He noted the three proposed bills had been considered during the 1993 legislative session but failed.

"We know we will have a hard time getting these through," Witwer added. "We hope these will be seen as encouraging conversation [about each issue the bills address] rather than coming at it from a combative and polarized approach."

State Rep. Mark Larson, R-Cortez, who chaired the interim legislative committee, agreed to sponsor the surface damage statute bill, Witwer said. Sponsors for the other two had not yet been found.

GLENWOOD SPRINGS "GLENWOOD POST" NOVEMBER 8, 2000 DNR file a mystery to oil and gas reformers

By HEIDI RICE
The Glenwood Post

DENVER - Members of the Western Colorado Congress say they are unsure what they will find in a copy of a file used by the DNR to develop a proposed legislative package to reduce oil and gas conflicts around the state.

DNR Director Greg Walcher made the file available for review between 9 and 10 a.m. on Tuesday at the DNR's offices in Denver. The Grand Valley Citizens's Alliance (GVCA) in Parachute, which belongs to the coalition of Western Slope environmental organizations, made a request to the DNR last Thursday that the file be opened in accor-

dance with the Colorado Open Records Act.

Janey Hines Broderick, president of the GVCA, said the group

"He said if he had invited us to the table, he would've had to invite the oil and gas industry to the table. We said, 'so what?'"

— Janey Hines Broderick,
GVCA president

had someone in Denver make a copy of the file on Tuesday and will send it back.

Following the release of Walcher's legislative package in

early October, the GVCA has expressed concern that none of the Western Colorado Congress organizations had been contacted for input in drafting the three bills in the package or knew whether oil and gas industry officials were allowed input.

"We don't know what we're going to find in the file," Hines said. "We don't know what sort of inconsistencies we'll find or if (the DNR) has played a pretty fair game at this point."

Broderick said she spoke with Rob Witwer, assistant director of the DNR, and asked why the environmental groups weren't asked for their input.

"He said if he had invited us to the table, he would've had to invite the oil and gas industry to the table," Broderick said. "We said, 'so what?'"

There had been some discussion with between the DNR and environmental lobbyists, but nothing much came of it, she said.

"They're lobbyists," Broderick said. "I don't think they're particularly involved in oil and gas issues."

According to the DNR, there isn't anything of much interest in the file.

"For the most part, it's legal reviews of statutes from other states," said Susan Wadhams, communications director for the DNR. "The only cover letter is from the Colorado Oil and Gas Association (COGA) in June and (Walcher's response.)"

However the file does contain a June letter from Walcher to Michael Highum, president of COGA, inviting the association to submit their

Reformers' goal is conflict reduction

MYSTERY, from 1B

policy ideas for new legislation. Highum, however, declined the invitation saying COGA had established a special task force of its own to examine the challenges facing the oil and gas industry, along with landowner and citizen concerns.

"This task force...is open to consideration of department suggestions so long as they are consistent with preservation of our fundamental property rights," Highum wrote. "However, we strongly believe that any far-reaching legislative proposal at this juncture would be premature and counterproductive."

And while Broderick applauds efforts to reduce conflicts between surface owners and those who hold mineral rights, she said the legislative proposal does not address the heart of the problems with the oil and gas industry — namely, the makeup of the Colorado Oil and Gas Conservation Commission (COGCC) which regulates oil and gas development in the state.

"The real issue is that the (COGCC) board is incapable of making policy that balances public health, safety, welfare and the environment concerns," she said.

For the past two years, the

GVCA has attempted to get legislation passed that would change the makeup of the seven-member board of which five members have close ties with the oil and gas industry. The GVCA has repeatedly criticized the commission saying that the industry was, in effect, regulating itself.

"Considering how enormous and substantial the (oil and gas) industry has become, this little legislative package is not nearly enough for us or the people of the state of Colorado," Broderick said.

The legislative package includes three bills which seek to resolve continual conflicts between the separation of surface and mineral rights. Included is a proposed statute which would require oil and gas operators to compensate landowners for damage incurred by drilling activity; a notification requirement by title insurance companies to potential property buyers of severed mineral rights attached to a property; and a bill that would allow surface owners to gain title of abandoned oil and gas interest that have not been used, recorded or taxed in the last 20 years.

The bills will be introduced in the next legislative session in January.

See MYSTERY, page 3B