

## MONTHLY STAFF REPORT – February 8, 2001

### I. STATISTICS

Our monthly statistics report is attached. ([Page 1](#), [Page 2](#), [Page 3](#))

In January 2001, we processed 203 drilling permits (2,436 annual equivalent), the highest monthly level in several years. The December 2000 number was also high at 191 permits processed (2,292 annual equivalent). In comparison, from 1995 to 1999, we processed an average of 1,035 permits per year. Last year the permit processing level increased dramatically from 1,010 permits in 1999 to 1,529 permits in 2000. Recent numbers indicate an even greater increase for the year 2001.

The COGCC has been redirecting staff resources to address the increasing permit processing workload. Some of our inspection and enforcement goals have been cut back in order to keep up with increased permitting and drilling-related inspection workloads.

### II. NORTHWEST COLORADO

#### Northwest Colorado Oil and Gas Forum

The next meeting of the Forum, previously scheduled for Thursday, February 1, has been postponed to Wednesday, February 21 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. Agenda items include updates on oil and gas activity in the Northwest Colorado area, an informational presentation about the Barrett Resources seismic study planned for this summer between Rulison and Parachute, and other items of local concern. Please contact Brian Macke at 303-894-2100 x122 or [brian.macke@state.co.us](mailto:brian.macke@state.co.us) to submit agenda topics for the next meeting. Attached are newspaper articles about the Barrett Resources seismic study, Bonneville Resource's plans for a pilot Wasatch development project in the Rulison Field, and an editorial about the increased drilling activity in the area. ([Article 1](#), [Article 2](#), [Article 3](#))

#### Barrett Resources Increased Well Density Application

COGCC staff has been working with Barrett Resources to process Applications for Permit-to-Drill ("APDs") for new wells within lands subject to the Commission order adopted during the October 2000 hearing for 20-acre density in Garfield County. Since the January hearing, the COGCC has received six APDs for the newly adopted 20-acre infill area. Three of the applications were for wells that were new second locations in 40-acre parcels north of the Colorado River and were approved without any additional permit conditions. The remaining three wells were directional wells drilled south of the Colorado River within the "specified surface wellsite lands" from an existing well location, and were also approved without any additional permit conditions.

COGCC staff has been working closely with Barrett Resources permitting staff and Garfield County to ensure that the requirements of the 20-acre density order are met in an efficient manner.

### III. NORTHEAST COLORADO

#### Town of Kersey Proposed Oil and Gas Ordinances

The town of Kersey has been considering adopting a draft ordinance to implement regulations for the drilling of wells and the establishment of production facilities for oil and gas production within Kersey. On January 29, Deputy Director Brian Macke provided an informational presentation to Kersey Mayor Tom Shemp and members of the Town Council about the COGCC well permitting process, COGCC

regulations including high density area setbacks and other safety rules, and the COGCC inspection and enforcement process. As a result of the meeting, the Town Council is considering using the COGCC forms for their use by special review process, and are considering not requiring a separate \$50,000 per well bond.

.. Adena J Sand Unit Annual Status Report

Duncan Energy has submitted a report meeting the requirements and intentions of Order No. 1-75 which requires an annual status report for operations in the Adena J Sand Unit. Attached is the report of year 2000 operations. ([Page 1](#), [Page 2](#))

**IV. SOUTHWEST COLORADO**

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

The last GORT meeting was held on February 8, 2001 from 8:30 to noon at the La Plata County Fairgrounds.

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

The first monitoring well has been drilled and cased. A second well was abandoned after the cementing job failed; COGCC staff is negotiating with the cement contractor to recover a portion of the second well cost. Heavy snow in the area has slowed down the drilling progress and increased costs.

## **V. SOUTHEAST COLORADO**

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

Contracts have been signed with consultants for Phases I and 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 2000.

## **VI. ENVIRONMENTAL ISSUES**

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

The February 8, 2001 meeting of the Colorado Ground Water Protection Council was cancelled. The next meeting will be held on March 8, 2001 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 process 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. The site-specific ground water classifications of Limited Use and Quality and standards were adopted by the WQCC on December 12, 2000. These new rules apply to the Lyons Sandstone in Weld County (WQCC Rule 42.7.(46)); the Parkman Sandstone in Weld County (WQCC Rule 42.7.(47)); the Sussex Sandstone in Weld County (WQCC Rule 42.7.(48)); and the D and J Sandstones in Adams, Arapahoe, Morgan, Washington, and Weld Counties (WQCC Rule 42.7.(48)). The rules are available on the Colorado Department of Public Health and Environment (CDPHE) website at [www.cdphe.state.co.us](http://www.cdphe.state.co.us)

Staff will continue to identify additional formations within specified areas for proposed rulemaking by the end of the 2000/2001 fiscal year.

## **VII. ORGANIZATION**

### **.. Staff Organization**

Our current organization [chart](#) is attached.

## **VIII. PLANNING/ADMINISTRATION/OTHER**

### **.. Well Log Imaging**

The division's open hole well log electronic imaging project that was approved for the fiscal year 2000/2001 budget 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. More information about how the logs can be accessed will be in future staff reports.

Procurement and setup of the scanners have been completed and scanning procedures are being formalized. The software to be used to index and import the data is an off-the-shelf product modified to handle large files. These modifications are in final testing. The first batch of logs was retrieved from State Archives and is being prepped for scanning. The scanning, which is being 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.

The imaging system is being reconfigured to provide better access time and additional storage

capacity. This conversion is to take place this month after the contract is finalized. This conversion should reduce the time required for Internet retrieval and is crucial for completion of the log scanning.

### 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, for use by staff 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, including cement bond logs and oversize hearing exhibits, have all been scanned. 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.

### Geographic Information Systems (GIS)

The current GIS project involves inputting spacing orders to show the cause number, unit size and well density of any given area, accurate to the section level. This will enable a reviewer to know which orders should be reviewed for more detail. This is a large project that will take quite a while to complete. The data will begin showing up on the Internet as each spaced area is finished, beginning in southwest Colorado and working clockwise around the state.

### 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 has been 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](mailto: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](mailto: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.html>, 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 testing Optical Character Recognition (OCR) conversion on the COGCC Form 7, Operator's Monthly Report of Operations. 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 run the OCR application on the imaged files, review the converted data and correct any improperly converted characters. In order to implement this, there will be a requirement to use a form that is just like the current form but will include markers on the corners to help the software resize the form 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 computers to submit the data electronically. While the project is complicated, initial testing indicates that it will be successful.

### 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](mailto: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

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 for well determinations. 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 and a list of all previously approved well determinations provided by the FERC.

To date, 525 applications have been filed with 451 processed and sent to FERC recommending approval. For additional information, contact Tricia Beaver at (303) 894-2100 x115 or [tricia.beaver@state.co.us](mailto:tricia.beaver@state.co.us).

#### Penalties Status

Attached is a revised [table](#) showing the status of penalties paid and penalties pending collection. COGCC staff is working closely with State Central Collections to attempt more timely collections.

#### March Hearing Docket

A preliminary docket for March has been provided. Hearing dockets are updated on the COGCC website and can be accessed at <http://cogcc.state.co.us/2001HearingSchedule.htm>.

### **IX. VARIANCES**

HS Resources was granted a 502.b. variance to lease line setback requirements established by Rule 318A for the Platteville #22-19 Well. This is to be a deepening to the J Sand in the SE¼ NW¼ of Section 19, Township 3 North, Range 66 West, 6<sup>th</sup> P.M. This exception has been requested to utilize an existing well bore and is approximately 215 feet east of the drilling window prescribed in Rule 318A.

H:Nicole/Misc/Staff Report/02-01

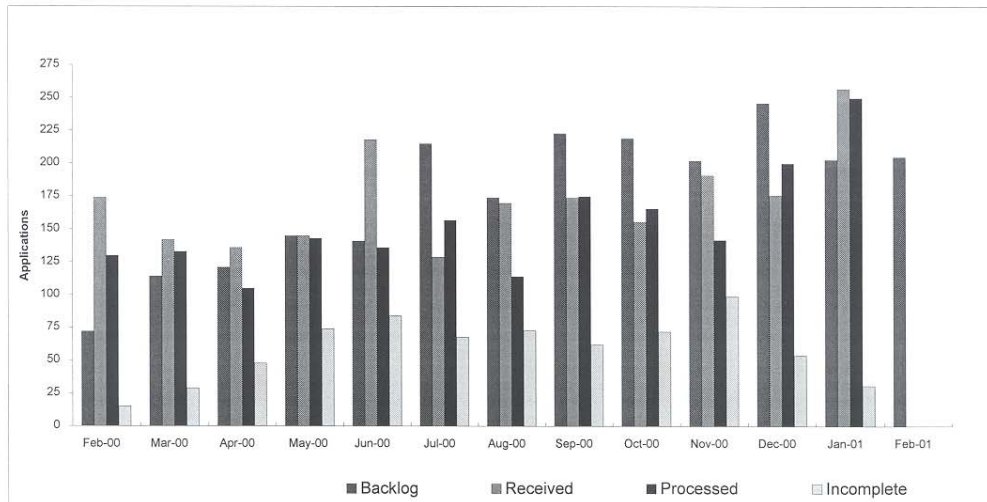


## Colorado Oil & Gas Conservation Commission

### Monthly Breakout of Drilling and Recompletion Permits

	Backlog	Received	Processed	Withdrawn	Rejected	Incomplete	In-Process	Remaining
<b>Drilling</b>								
Feb-00	70	152	114	5	0	15	88	103
Mar-00	106	130	116	2	0	29	89	118
Apr-00	118	133	103	5	0	48	95	143
May-00	143	128	129	6	0	74	62	136
Jun-00	136	198	122	8	0	84	120	204
Jul-00	204	123	148	13	0	68	98	166
Aug-00	166	154	107	6	0	73	134	207
Sep-00	207	140	138	1	0	62	146	208
Oct-00	208	143	155	6	0	62	128	190
Nov-00	190	181	135	3	0	92	141	233
Dec-00	233	162	191	19	0	48	137	185
Jan-01	185	217	203	5	0	27	167	194
Feb-01	194	0	0	0	0	0	0	194
<b>Recompletion</b>								
Feb-00	2	22	16	1	0	0	7	7
Mar-00	8	12	17	0	0	0	3	3
Apr-00	3	3	2	2	0	0	2	2
May-00	2	17	14	0	0	0	5	5
Jun-00	5	20	14	0	0	0	11	11
Jul-00	11	6	9	0	0	0	8	8
Aug-00	8	16	7	1	0	0	16	16
Sep-00	16	34	37	2	0	0	11	11
Oct-00	11	13	11	1	0	10	2	12
Nov-00	12	10	7	2	0	7	6	13
Dec-00	13	14	9	0	0	6	12	18
Jan-01	18	40	47	0	0	4	7	11
Feb-01	11	0	0	0	0	0	0	11
<b>Total</b>								
Feb-00	72	174	130	6	0	15	95	110
Mar-00	114	142	133	2	0	29	92	121
Apr-00	121	136	105	7	0	48	97	145
May-00	145	145	143	6	0	74	67	141
Jun-00	141	218	136	8	0	84	131	215
Jul-00	215	129	157	13	0	68	106	174
Aug-00	174	170	114	7	0	73	150	223
Sep-00	223	174	175	3	0	62	157	219
Oct-00	219	156	166	7	0	72	130	202
Nov-00	202	191	142	5	0	99	147	246
Dec-00	246	176	200	19	0	54	149	203
Jan-01	203	257	250	5	0	31	174	205
Feb-01	205	0	0	0	0	0	0	205

Incomplete are permits that have missing or inaccurate data and cannot be approved.



Backlog = Incomplete + In-process = Remaining permits from previous month

Colorado Oil Gas Conservation Commission  
Monthly Statistics

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YEAR	MO	Baker - Hughes rig count	Permits								Active Wells	Unedited Historic Records	Public Visits			Well Oper Change
			Drilling		Recompletion		Injection		Pits				Data	Office	Internet	
			Apv'd	Rcv'd	Apv'd	Rcv'd	Apv'd	Rcv'd	Apv'd	Rcv'd						
1998	Total		1157	1210	153	159	11	17	112	105			1935	2915	0	3344
	JAN	10	51	57	0	1	1	0	13	5	23925	15226	139	271	1263	159
	FEB	11	49	73	6	7	2	2	28	1	23905	15217	158	250	1540	216
	MAR	11	86	65	7	5	1	0	10	20	23889	15204	168	332	1232	38
	APR	8	76	112	7	6	0	0	28	15	23965	15196	145	361	1487	47
	MAY	11	92	82	0	0	0	1	11	7			116	321	1711	506
	JUN	13	95	95	1	1	0	0	19	19	24035	15182	145	234	1506	132
	JUL	10	82	78	6	8	1	1	0	3	24126	15178	150	326	2594	54
	AUG	13	73	81	6	6	1	1	0	2	24145	15176	155	212	1956	40
	SEP	14	90	124	7	13	1	1	14	18			130	132	1136	697
	OCT	15	133	110	13	16	0	0	2	33			146	120	NA	52
	NOV	17	96	90	24	16	3	1	10	5			65	162	NA	90
	DEC	18	87	90	9	8	0	0	23	18			107	119	814	155
1999	Total		1010	1057	86	87	10	7	158	146			1624	2840	15239	2186
	JAN	18	71	99	7	7	0	0	3	6			140	92	3025	287
	FEB	17	114	152	16	22	2	2	16	15			123	126	3432	210
	MAR	18	116	130	17	12	1	1	5	17			126	172	3611	190
	APR	18	103	133	4	3	2	2	5	54	21989		108	169	3219	356
	MAY	17	129	128	14	17	0	1	71	34	22098		131	218	3664	154
	JUN	16	122	198	14	20	0	0	18	10	22103		106	117	3391	368
	JUL	19	148	123	9	6	4	8	35	30	22190		100	172	3384	214
	AUG	16	107	154	7	16	1	0	22	40	22247		103	75	3759	193
	SEP	16	138	140	37	34	1	4	51	37	22175		66	208	4941	314
	OCT	19	155	145	11	13	0	0	42	22	22224		99	205	4863	253
	NOV	22	135	181	7	10	1	1	51	34			82	155	4704	159
	DEC	24	191	162	9	14	0	1	9	6	22228		80	135	4143	100
2000	Total		1529	1745	152	174	12	20	328	305			1264	1844	46136	2798
	JAN	26	203	217	47	40	1	1	26	7	22550		89	136	6974	
2001	Total		203	217	47	40	1	1	26	7			89	136	6974	0



Colorado Oil Gas Conservation Commission  
Monthly Statistics

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YEAR	MO	Bonds																Remediation		Field Insp
		Operators		Release		Replace	Claim		Hearings		Violations		OFV	Cmplt	Spills	Projects				
		New	Inactive	Ind.	Blnt		Ind.	Blnt	Apps.	Order	NOAV	AOC				Rcvd	Comp			
1998	Total	61	56	66	34	39	2	2	113	204	168	35	7	55	178	63	9	6990		
	JAN	4	3	1	2	10	0	0	0	2	18	0	1	5	16	2	0	485		
	FEB	5	4	3	1	9	0	0	1	1	11	0	0	7	17	1	1	582		
	MAR	4	2	3	2	4	0	0	2	5	2	2	3	7	21	7	0	787		
	APR	5	6	8	3	3	1	0	5	3	25	1	0	5	11	4	3	447		
	MAY	4	3	5	1	6	0	0	NA	NA	18	NA	NA	7	17	0	0	729		
	JUN	3	1	4	0	10	0	0	5	6	8	0	0	5	15	1	0	665		
	JUL	4	2	3	1	1	0	0	4	3	9	1	2	28	19	8	1	900		
	AUG	4	3	6	2	4	0	0	3	4	19	0	3	11	21	3	0	728		
	SEP	6	7	4	5	2	0	1	4	3	19	1	2	18	22	7	0	609		
	OCT	8	4	5	3	7	0	0		2	13	3	0	10	16	4	1	660		
	NOV	3	4	1	4	1	0	1	NA	NA	14	NA	NA	5	15	12	14	486		
	DEC	5	2	2	1	4	0	0	7	7	40	0	1	15	21	34	4	549		
1999	Total	55	41	45	25	61	1	2	31	36	196	8	12	123	211	83	24	7627		
	JAN	4	8	3	6	5	1	0	1	1	34	0	1	9	36	4	0	782		
	FEB	7	5	7	0	6	0	0	1	3	10	6	4	39	22	7	2	732		
	MAR	4	6	6	2	3	0	0	5	2	15	0	0	23	27	16	6	636		
	APR	5	12	11	4	2	0	0	6	4	15	0	0	28	22	9	4	672		
	MAY	7	11	10	4	2	0	0	1	1	45	0	0	23	22	8	6	847		
	JUN	5	8	5	5	7	0	0	1	1	39	0	0	12	21	10	16	412		
	JUL	10	7	6	3	5	0	0	5	7	26	2	0	11	26	10	11	738		
	AUG	7	10	8	2	7	0	0	0	0	26	0	0	9	22	12	15	653		
	SEP	10	7	3	7	2	0	0	0	0	15	2	0	10	17	15	26	588		
	OCT	7	10	4	7	4	0	0	14	7	6	2	2	16	20	11	19	488		
	NOV	6	5	2	5	6	1	0	NA	NA	8	NA	NA	12	34	10	13	620		
	DEC	4	0	0	0	6	0	0	13	9	5	1	0	7	13	2	7	454		
2000	Total	76	89	65	45	55	2	0	47	35	244	13	7	199	282	21	125	7622		
	JAN	7	8	6	3	10	0	0	12	8	12	1	0	7	26	11	6	557		
2001	Total	7	8	6	3	10	0	0	12	8	12	1	0	7	26	11	6	557		

GRAND VALLEY DAILY SENTINEL

FEB. 3, 2001

## Landowners unite against Barrett plan to seek gas

By MIKE MCKIBBIN  
The Daily Sentinel

**BATTLEMENT MESA** — Hoping there will be strength in numbers to oppose a planned seismic research project by Barrett Resources Corp., property owners from Parachute to Rifle have decided to band together.

More than 60 people attended a meeting Thursday of the Grand Valley Citizens Alliance, a watchdog group that monitors the effects of natural gas development in western Garfield County. One of the larger property owners, Joan Savage, also helped organize the meeting to inform and explain

Barrett's plans to her neighbors.

*"These oil companies are in this for the money and they don't give a hoot about you."*

**SCOTT  
BRYNILDSON**

The company wants to set off small explosive charges at the bottom of 60-foot drill holes or use what is commonly called a "thumper truck" to map underground faults and fractures.

That will help determine where natural gas is easiest to recover in a 30-square-mile area, mostly north

of the Colorado River. The landowners live on the south side.

The company had included another 38 square miles of the south side of the river but reduced the size in response to landowner concerns.

GVCA President Janey Hines suggested concerned landowners form a committee and work with an attorney who has fought energy companies under similar circumstances.

"The strength you have as a united group is greater than having hundreds of different landowners trying to protect their property," Hines said.

The goal of banding together is to present a united front and a list of conditions. If Barrett refuses to meet those conditions, the group would not sign permits to allow it to proceed.

Scott Brynildson told the crowd it should "stop being so polite" when dealing with energy companies like Barrett.

"These oil companies are in this for the money and they don't give a hoot about you," Brynildson said. "You have to quit sitting here being such a nice, polite bunch."

Brynildson said he told a representative of Western Geco, the Denver company Barrett has hired to conduct the work this summer, "I don't want you working on my property. I don't want them on this (south) side of the river."

See **BARRETT**, page 5B ➤

## BARRETT: GarCo official vows county support

➤ Continued from page 1B

Savage said Barrett officials told her they would not send crews onto her property without permission.

"Most of these (mineral) leases allow the companies to do exploration and that's what this is," she said. "I think there's a very real possibility they can do this without our permission."

Companies can drill gas wells without property owners' permission, if they follow state rules and regulations and hold the mineral rights.

Garfield County Commissioner John Martin listened to some of the comments and told the crowd the county would stand with them. However, Barrett does not need county approval for the research project.

"But remember too that Colorado was formed on (natural resource) extraction rules and those rules are still in place," Martin warned.

Landowners were also urged to attend a Feb. 21 meeting of the Northwest Colorado Oil and Gas Forum in Rifle, where Barrett and Western Geco officials are scheduled to explain their plans in detail.

Mike McKibbin can be reached via e-mail at mmckibbin@gjs.com.

GRAND JCT. DAILY SENTINEL  
FEB 2, 2001

## Company scales back survey plans

By MIKE MCKIBBIN  
The Daily Sentinel

RIFLE — Barrett Resources Corp. has scaled back plans to conduct an underground seismic survey of public and private properties between Rifle and Parachute this summer.

The change in plans was welcomed by the owner of one large parcel, but a community meeting to inform her neighbors was still held Thursday night.

Barrett last month contracted with a Denver firm, Western Geco, to find the best areas to drill over a 68-square mile area in the Parachute and Rulison gas fields, on both sides of the Colorado River. The area included public and private lands.

Parachute District Manager Steve Soychak said the plan now covers 30 square miles, mostly on the north side of the Colorado River. Some land south of the river near Parachute will be included as well.

"It was due to landowner input," Soychak said. "We want people to see what's involved with this."

Landowner Joan Savage said the

## SURVEY: Blasts won't cause holes

➤ Continued from Page One

Thursday night meeting was going ahead because "they're just phasing it in. It's not to say they're leaving the area over here. But it's very nice of them to let us see for ourselves what's involved with this."

Soychak said the more populated area south of the river, where Savage and other landowners live, may be included in a seismic project sometime after the north side of the river is completed.

"We want surface-owner participation in this and you'll be able to see this from (Interstate 70)," Soychak added.

The seismic survey will result in a three-dimensional picture of the underground Williams Fork gas formation 7,000 to 8,000 feet deep.

Either charges will be set off at the bottom of 60-foot drill holes, or a Vibroseis truck will shake a heavy

metal block.

Sound waves then will deflect off dense rock formations and a geophysicist will process a 3D picture of the earth underground to help locate fractures and fault lines. Gas flows easier in such areas than through the tight sands of the Williams Fork formation.

Soychak said by drilling in areas found in these surveys, Barrett can reduce the number of marginal or dry wells.

Doug Ostby, a Barrett geophysicist, said a person would only feel the blast if they were standing a few feet away. No cavities or holes in the ground will result.

He also said the Vibroseis truck create a thumping sound when large metal block is shaken on the surface to create underground sound waves.

Mike McKibbin can be reached by e-mail at mmckibbin@gjds.com.

See SURVEY, page 8A ➤

January 31, 2001

RIFLE "CITIZEN TELEGRAM"

## Barrett to conduct 68-square mile seismic study

■ *Landowners concerned  
about damage*

By Theresa Hamilton

Barrett Resources Inc. says they have a plan for increasing the accuracy of their drilling program and potentially decreasing the number of wells in the area.

Barrett has hired Western Geco, a seismic research firm with offices in Denver, Houston, and others world wide, specializes in seismic exploration, reservoir imaging, and field development.

They plan to conduct a 3-D seismic survey of an area up to 68 square miles between Rulison and Parachute this summer. Private land owners have already begun to be contacted by Western Geco for permission to enter their property and conduct the survey.

The size of the survey will depend upon the number of land owners who grant permission and the difficulty of the terrain that is scheduled to be surveyed.

Steve Soychak with Barrett Resources Inc., said that the survey, essentially a high tech photograph of the subsurface, will help in Barrett's efforts to drill for natural gas.

"The aim is to increase Barrett's accuracy in drilling for natural gas so we can avoid dry or marginal wells. This survey has the potential to reduce the number of wells. Opponents that oppose our drilling out here have always said why don't you use higher technology to mitigate the land," he explained.

Specifically, the survey will show where fractures and faults that increase the

Please see **SEISMIC** on page 10

JANUARY 31, 2001

## In search of natural gas

SEISMIC from page 1

flow of the natural gas lie so that wells can be drilled closer to those areas.

But the process is not as simple as sending down a video camera to photograph the terrain.

Helicopters will help lay miles of cable equipped with geophones listening devices that detect vibrations as they pass through rock and soil. Large vibraseis trucks will be used to emit sound waves into the various strata of earth below and in some areas, dynamite shots will be discharged in 60-foot deep holes where the trucks can not be used.

Soychak added that those charges need to be discharged away from homes, and water wells.

But at least one land owner wants a little more time before allowing Western Geco and Barrett Resources on their land.

Joan Savage has organized a meeting for Thursday, February 1 at the Battlement Mesa Activity Center to discuss what the survey entail and what land owners can do to protect themselves.

"Don't feel pressured to sign anything yet," said Savage. "I foresee lots of questions about spring and ground water protection, livestock conflicts, and, of course, property damage.

"Let the companies get this forum together first, so we can make informed choices that we won't regret later," she added.

Additionally, information will be presented at the quarterly Northwest Colorado Oil and Gas forum at Rifle Hall on Wednesday February 21. The meeting will begin at 10 AM and end at 2 PM.

Soychak said that the tentative schedule was to contact landowners between January and February, conduct surveying in March and April and begin the survey in June and July.

He added that this is an extension of a pilot study conducted by the Department of Energy in 1996 in the North Rulison Field.

"That study basically verified that the area was highly faulted and that is why we see so much production in that area," said Soychak.

He said that the survey could reveal the geological reasons that some of the wells in the area are "marginal wells."

"This area has been drilled on a lot, especially on 40-acres so I think we have defined the productive limits," he added. "I think we are just trying to find the sweet spots, so I see this as minimizing the number of wells."



**DUNCAN ENERGY COMPANY**

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COGCC

January 31, 2001

Colorado Oil & Gas Conservation Commission  
Attn: Mr. Morris Bell  
1120 Lincoln Street, Suite 801  
Denver, CO 80203

Re: 2000 Annual Status Report  
Order No. 1-75 dated 03/09/98

Dear Mr. Bell:

Per the subject order, as amended to reflect our 04/13/99 proposal, Duncan Energy Company ("DEN") submits this Annual Status Report for the year 2000.

As you know, 2000 was a very frustrating year at the Adena J Sand Unit due to a series of delays brought on by water compatibility problems. Water injection into the enhanced oil recovery ("EOR") pilot area began in late January 2000. Chemical injection was initiated shortly thereafter but was quickly suspended due to an abnormally high concentration of iron sulfide in the water being recovered by the pilot producers. Because this water was appreciably different from the samples used in earlier laboratory work, it was decided to re-plumb the field injection system in order to direct water more representative of the field as a whole, to the pilot area.

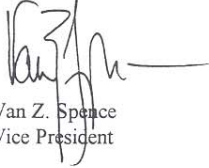
On May 5<sup>th</sup> injection was started once again, but problems of a different nature quickly arose. A colloidal calcium carbonate precipitate, which had been deemed insignificant in the lab, began plugging the existing injection filters at an unacceptable rate. After further analysis, a more advanced filter system was installed in an attempt to remove the suspended solids. Operational in October, this new system (while superior to the original one) was also found to be inadequate. With filtration ruled out as a sole solution, the analysis turned to various water clarification systems. A diffused-air-flocculating system was selected and was installed in late December. This system has proven extremely adept at clarifying the water, but has required numerous modifications to assure reliable 24-hour operation. Chemical injection commenced once again on January 11<sup>th</sup> of this year on an intermittent basis, while the balance of the necessary modifications are completed. The gross cost of the project to date has been approximately \$4 million.

The decision to use produced water as the base fluid for the EOR project was driven by a number of factors. First, it is readily available and in ample supply at Adena as well as the other fields included in the "Monahan package". Second, short of using municipal water supplies, the other sources of "fresh" water near Adena carry with them an even greater tendency to form a calcium carbonate precipitate. Lastly, from a conservation

standpoint the use of produced water is always preferable, particularly in this part of the country. Given a successful pilot, there will be a number of other options at our disposal for dealing with the produced water issue. Upstream water softening for instance would be a viable alternative on a large project despite being cost prohibitive in a limited pilot setting.

It is of some consolation, as things finally get under way, that our injection rate has shown every indication of exceeding original expectations. That being the case, we may be in a position to assess the results of the pilot 9-12 months after injection startup, rather than the 12-18 months originally envisioned. As always, we thank you for your continued support of this project. Should you have any additional questions, please call.

Yours very truly,



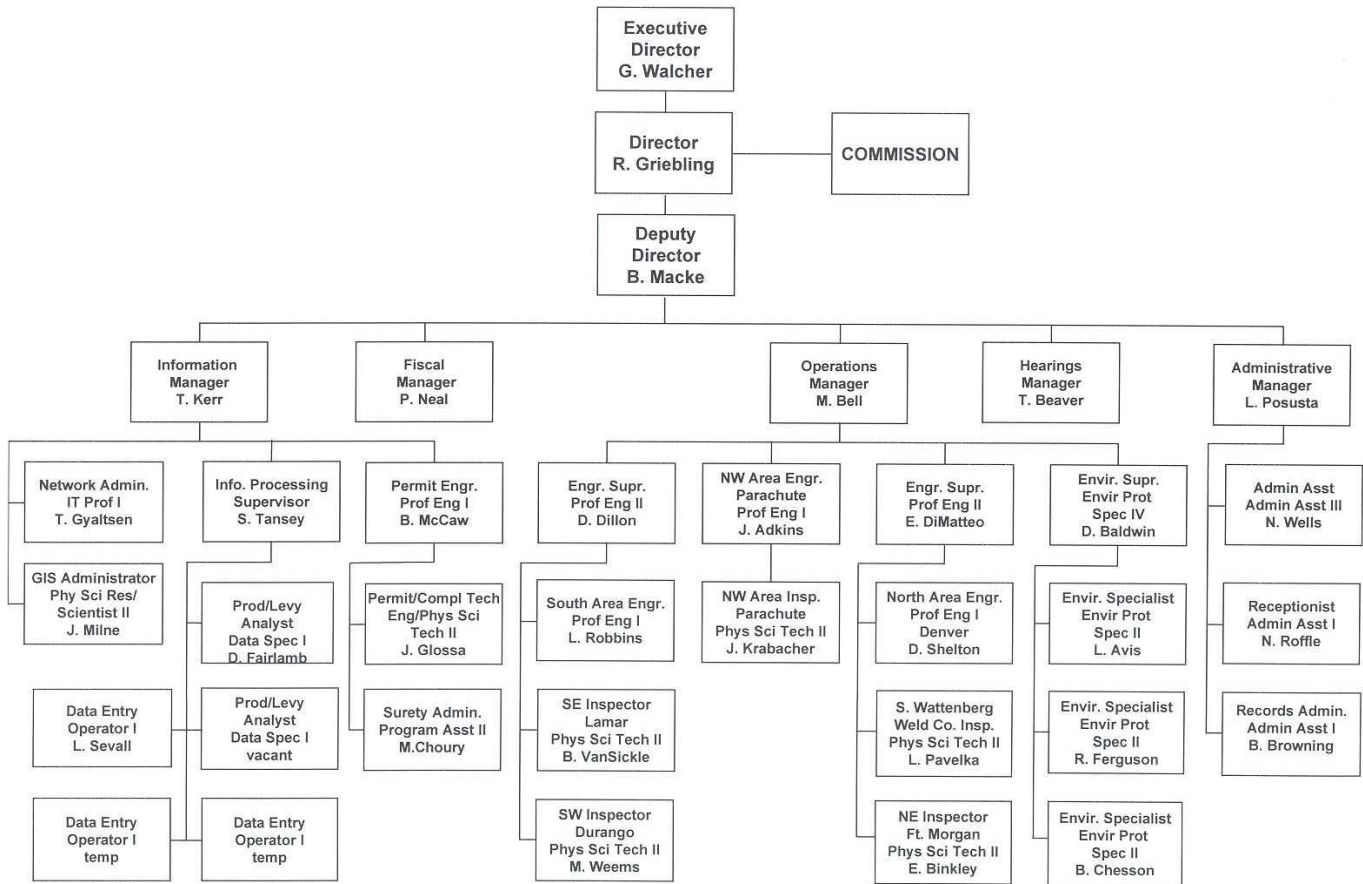
Van Z. Spence  
Vice President

cc: Mr. Howard Fredrickson  
Monahan Consultant

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## COLORADO OIL & GAS CONSERVATION COMMISSION ORGANIZATION



## PENALTY PAYMENT STATUS

UPDATED:

02/07/01

## I. Penalties Assessed/Paid

Fiscal Year	Number of Orders Issued	\$ Amount of Penalties Assessed	Number of Orders Paid	\$ Amount of Penalties Paid	Number of Orders Waived	\$ Amount of Penalties Waived	Number of Orders Paid Through Collections
90-91	4	\$32,300	4	\$32,300	0	\$0	n/a
91-92	0	\$0	0	\$0	0	\$0	n/a
92-93	6	\$11,500	2	\$6,500	0	\$0	n/a
93-94	9	\$152,608	7	\$105,000	0	\$0	n/a
94-95	10	\$181,552	4	\$21,805	4	\$139,000	n/a
95-96	24	\$252,250	19	\$154,000	3	\$20,750	n/a
96-97	13	\$79,500	8	\$29,500	0	\$0	n/a
97-98	29	\$140,500	22	\$74,750	0	\$0	n/a
98-99	19	\$62,000	17	\$46,500	1	\$13,000	n/a
99-00	23	\$110,500	12	\$59,460	0	\$3,000	2
00-01	12	\$81,500	10	\$19,000	0	\$6,000	0

## II. Penalties Pending Collection

Order Number	Date Issued	Violating Entity	Penalty Assessed	Violations	Status	Referred to Central Collections
1V-58	03/15/93	Gear Drilling Company	\$2,000	Rule 305, 319.a (2)		Yes
1V-73	08/23/94	Western Oil Company	\$2,500	Rule 317.a.8	Work completed per order	Yes
1V-82	06/19/95	Joseph V. Dodge	\$14,000	Rules 210.b., 305., 307., 317.b.(3), 604.a.(4)	Bond forfeited	Yes
1V-110	05/21/96	Kana Resources, Inc.	\$3,500	Rules 303.a., 306., 317.b.1.	ADC negotiated	Yes
1V-114	09/04/96	Mr. Jim Snyder	\$10,000	Rules 308., 317.L, APD	District Court decision entered/\$10,000 bond claimed 12/96/	Yes
1V-122	05/20/97	McCormick Oil & Gas Co.	\$32,000	Rule 317.g.	Cash bond to be posted by 9/1/97/in litigation-secured by deed of trust.	Yes
1V-124	07/01/97	Nerdlich Company Inc.	\$9,000	Rules 326.b.1., 319.b., 210.b.	Fine not paid	Yes
1V-167	01/05/99	Pacific Midland Production	\$1,000	Rule 326.b.	Bond to be claimed.	Yes
1V-170	03/25/99	Allen Oil & Gas, LLC	\$12,000	Rules 904, 905, 603.g., 906, 909.b.(2) &(5), 910	Work to be completed by July 1, 1999.	Yes
1V-173	07/12/99	J. Magness, Inc.	\$9,000	Rules 207.b., and 326.b.	Bond to be claimed if work not completed.	Yes
1V-175	08/19/99	McCormick Oil & Gas Co.	\$18,000	Rules 1004, 319.b.(3), 326.b., 206., 309.	McCormick in Bankruptcy.	Yes
1V-177	08/19/99	Faith Energy Exploration, Inc.	\$3,500	Rules 308A., 308B., 326.b.	Pull Plugging Bond.	Yes
1V-183	12/02/99	Gopher Drilling Company	\$2,000	Order No. 1C-3	Bond to be claimed if work not completed.	Yes
1V-191	02/15/00	Cascade Oil	\$1,000	Rule 326.b.(1)	Bond to be claimed if work not completed	Yes
1V-197	09/25/00	Texas Tea, LLC	\$2,500	Rule 324.a.	Payment plan arranged 01/19/01	No
1V-201	10/30/00	Texas Tea, LLC	\$4,000	Rule 319.b.(3), 326.b.	Payment plan arranged 01/19/01	No
1V-202	11/30/00	Robert Ziegler	\$2,000	Rule 326.b.		No
1V-204	12/19/00	Allen Oil & Gas, LLC	\$60,000	Rule 326.b., 324A.a., 904., 905., 906.b.(1), 906.e.(1), 907.c.(2)		No
1V-206	01/09/01	Amoco Production Co.	\$2,000	Rule 303.a.		No
Total penalties pending collection			<u>\$190,000</u>			

## III. Penalties Uncollectable

Order Number	Date Issued	Date Entered	Violating Entity	Penalty Assessed	Violations	Status
1V-56	07/20/92	08/25/92	The Meyer Oil Company	\$1,500	Rule 329, 323, 604	Penalty included in Order 1-186
1V-62	11/22/93	12/14/93	Richmond Petroleum Inc.	\$47,608	Rules 317.r., 902.g.1., 908.b., Order #112-85	District Court entered judgement. Referred to State Central Collections who recommends write-off
1V-75	08/23/94	09/23/94	The Meyer Oil Company	\$18,247	Rules 317.a.8., 305., 308., Order #1-132 & 178	No Action Taken/Penalty discharged in bankruptcy
1V-93	11/21/95	12/15/95	Tipps Drilling Co.	\$60,000	Rules 604.a.4., 902.e.&f.	\$30,000 bond claimed 11/95/penalty unpaid/No assets. State Central Collections recommends write-off
1V-123	05/20/97	05/30/97	Planet Associates, Inc.	\$4,000	Rules 319.b., 326.b.	\$10,000 bond claimed 5/97/ penalty unpaid/Company no longer exists
1V-127	08/04/97	08/13/97	Point Lockout Drilling	\$28,750	Rules 210., 308., 312., et al	\$30,000 bond claimed 9/97. State Central Collections recommends write-off
1V-132	11/24/97	12/17/97	Eros, Inc.	\$24,000	Rules 319.b., 326.b.	\$30,000 bond claimed 5/98/penalty unpaid/Company no longer exists
1V-134	02/09/98	03/10/98	Centennial Petroleum Inc.	\$2,000	Rules 1004., 1103.	\$30,000 bond claim commenced 3/98. Bonding co. did work/ State Central Collections recommends write-off
1V-181	10/19/98	11/19/98	Black Thunder Marketing, Inc.	\$2,000	Rule 326.b.	Bond claim underway. State Central Collections recommends write-off
Total uncollectable penalties				<u>\$188,105.00</u>		